

UPPER PITTSBORO TOWNSHIP
BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Upper Pittsboro Township Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Upper Pittsgrove Township Board of Education
Monroeville, New Jersey**

For the Fiscal Year Ended June 30, 2014

Prepared by

**Upper Pittsgrove Township Board of Education
Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION

Upper Pittsgrove School District

235 Pine Tavern Road · Monroeville · New Jersey · 08343

Phone: (856) 358-8116 · Fax: (856) 358-1024

September 3, 2014

Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
Salem County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Upper Pittsgrove Township School District (District) for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the various funds of the District. All disclosures that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Upper Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Upper Pittsgrove Township Board of Education and its one school constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through Grade 8. These include regular, as well as special education for handicapped students. The District completed the 2013-2014 fiscal year with an enrollment of 536 including 163 high school students, which is twenty one (21) less students than the previous year's enrollment and includes 373 Pre-K through Grade 8 students. The following charts the enrollment of the district over the last ten years:

Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment *</u>	<u>Percent Change</u>
2013-14	536	(3.77%)
2012-13	557	(2.45%)
2011-12	571	(5.62%)
2010-11	605	5.22%
2009-10	575	1.05%
2008-09	569	6.16%
2007-08	536	(7.43%)
2006-07	579	.35%
2005-06	577	(1.70%)
2004-05	587	(1.84%)

* Includes High School Students

2. ECONOMIC CONDITION AND OUTLOOK:

Business remains minimal in Upper Pittsgrove Township. It is unlikely that an influx of industry will occur in this predominantly rural agriculture community.

3. MAJOR INITIATIVES:

The Upper Pittsgrove School District continues to build on a environment of achievement and success by maintaining and enriching the programmatic services of a comprehensive middle and elementary school for our students. While celebrating our rich history and farming heritage, we continue to seek new opportunities to reach our 21st century learners through a wide-ranging professional development program and a variety of learning opportunities for students throughout all ability ranges. The following is a sample of current district initiatives;

- Building better school/community relations through increased communication and cooperation with the PTO, restructuring the Learning Fair and evaluating the Parent/Teacher Conference processes.
- Utilize the Teacher Coach to further expand teachers' skills in the following areas:
 - Engaging students in learning
 - Questioning and discussion skills
 - Assessment guiding instruction
- Increased effective use of technology through the implementation of Chromebooks, On Course lesson plans and curriculum mapping using On Course.
- Implementation of the new Language Arts series.
- Implement and integrate the Language Arts Lab for All Middle School students.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are being made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

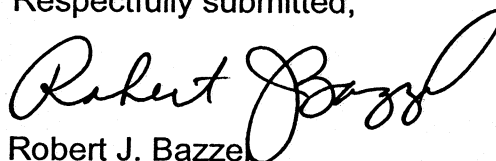
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the state OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Upper Pittsgrove Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

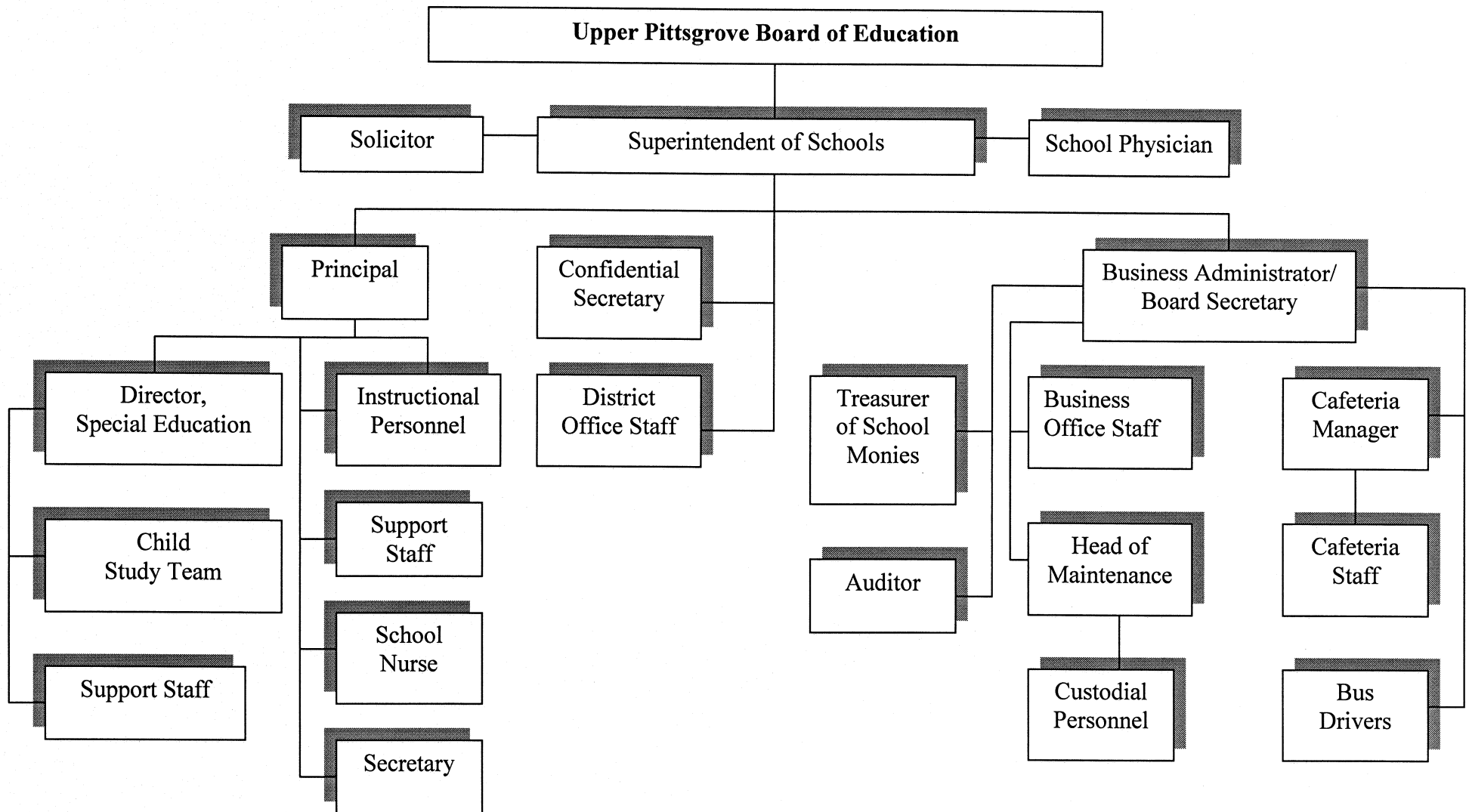


Robert J. Bazzo
Superintendent



Lisa M. DiNovi
Business Administrator/Board Secretary

UPPER PITTSBURGH SCHOOL DISTRICT ORGANIZATION CHART



UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
COUNTY OF SALEM
MONROEVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2014

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Veronica Merriel, President	2016
Jeffrey Krautwald, Vice President	2015
Polly B. Deal	2015
Valerie Hill	2014
Dan Bellisario	2014
William Schermerhorn	2016
Terri Hatchell	2014
Michael Kinney	2014
Michael Reed	2016

OTHER OFFICIALS

Robert J. Bazzel, Superintendent	
Lisa M. DiNovi, Business Administrator / Board Secretary	\$35,000
Donna Jones, Treasurer of School Monies	\$185,000

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
COUNTY OF SALEM
MONROEVILLE, NJ

CONSULTANTS AND ADVISORS

ATTORNEY

Ms. Jane B. Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein,
Rothman & Capasso
110 North Sixth Street
P.O. Box 729
Vineland, New Jersey 08360

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

OFFICIAL DEPOSITORY

First National Bank of Elmer
10 South Main St
Elmer, New Jersey 08318

INSURANCE AGENCY

Conner Strong & Buckelew
PO Box 989
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

September 3, 2014

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 48 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Pittsgrove Township Board of Education's financial statements as a whole. The introductory section, combining fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*** and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, long-term debt schedules and the schedules of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedure applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 3, 2014 on our consideration of the Upper Pittsgrove Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read "Raymond Colavita", is positioned above the printed name.

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Upper Pittsgrove Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(UNAUDITED)

This section of the Upper Pittsgrove Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Comparative information between the current year (2013-14) and the prior year (2012-13) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status and performance.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the *district-wide statements*, with the focus on operations.
- The *governmental fund statements* tell how *basic* services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Proprietary fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain various information in the statements and provide more detail. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Key financial highlights for 2014 are as follows:

- Total Net Position increased by \$80,096, attributable to various operating results and adjustments.

- General revenues accounted for \$7,471,087 in revenue or 89.9% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$836,939 or 10.1% percent of the total revenues of \$8,308,026.
- Net Position of governmental activities increased by \$78,364, comprised of changes in various assets and liabilities. The net position of the Business-type Activities increased by \$1,732.
- The School District had \$8,227,930 in total expenses, of which only \$836,939 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes of \$7,471,087 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities of \$177,317.
- The General Fund had \$7,814,330 in revenues, \$7,821,087 in expenditures. The General Fund's balance increased by \$187,867 over 2012. This increase was anticipated by the Board of Education, as it constituted the use of \$229,078 in surplus to offset expenses and capital lease proceeds of \$194,624.

District-wide Financial Statements – Reporting the School District as a Whole

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and changes in that position. Net Position – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the school district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and School Age Childcare enterprise funds are reported as business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 21. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2014 and 2013.

Table 1
Net Position

	2014	2013
Assets		
Current and Other Assets	\$ 783,442	\$ 622,861
Capital Assets, Net	3,673,933	3,708,141
Total Assets	4,457,375	4,331,002
Liabilities		
Long-term Liabilities	570,408	490,250
Other Liabilities	38,014	71,895
Total Liabilities	608,422	562,145
Net Position		
Invested in Capital Assets, Net of Debt	3,246,051	3,351,954
Restricted	629,050	521,818
Unrestricted	(26,148)	(104,915)
Total Net Position	\$ 3,848,953	\$ 3,768,857

Table 2 shows the changes in net position from fiscal years 2014 and 2013.

Table 2
Changes in Net Position

	2014	2013
Revenues		
Programs Revenues		
Charges for Services	\$ 121,613	\$ 133,002
Operating Grants and Contributions	715,326	737,664
General Revenues		
Property Taxes	3,843,990	3,872,503
Federal and State Aid-Not Restricted	3,448,467	3,456,959
Other	178,630	115,640
Total Revenues	8,308,026	8,315,768
Program Expenses		
Instruction	2,416,556	2,254,293
Tuition	2,088,860	2,056,917
Administrative Services	456,761	461,176
Other Support Services	1,359,823	1,466,707
Health Benefits	1,454,366	1,388,656
Interest on Long-Term Debt	14,817	23,046
Other	259,430	271,531
Enterprise	177,317	189,838
Total Expenses	8,227,930	8,112,164
Increase in Net Position	\$ 80,096	\$ 203,604

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 51.5% percent of these revenues for governmental activities. Unrestricted federal, state and local grants accounted for another 46.2% and miscellaneous revenues accounted for the remaining 2.3%. The total cost of services, as shown below, was \$8,227,930. The net cost of all governmental programs and services, which excludes charges for services, operating grants and the enterprise fund was \$7,392,664. Instruction comprises 31.2% of these District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
Instruction	\$ 2,416,556	\$ 2,304,213	\$ 2,254,293	\$ 2,173,486
Tuition	2,088,860	2,088,860	2,056,917	2,056,917
Pupil and Instructional Staff	518,863	395,341	529,147	405,063
General Administration, School		0		
Administration, Business	456,761	456,761	461,176	461,176
Operation and Maintenance of Facilities	450,654	450,654	560,265	560,265
Pupil Transportation	390,306	390,306	377,295	377,295
Employee Benefits	1,454,366	1,032,282	1,388,656	919,569
Enterprise Fund	177,317		189,838	
Interest	14,817	14,817	23,046	23,046
Other	259,430	259,430	271,531	271,531
Total Expenses	<u>\$ 8,227,930</u>	<u>\$ 7,392,664</u>	<u>\$ 8,112,164</u>	<u>\$ 7,248,348</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Extracurricular activities include instructional expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Business-Type Activities

Revenues for the District's business-type activities (Food Service Program and School Care Program) were comprised of charges for services and federal and state reimbursements.

- Food Service revenues exceeded expenses by \$5,699, offset by \$4,026 in the School Care Program.
- Charges for services represent \$121,613 of revenue as compared to \$133,002 in 2013. This represents amount paid by patrons for daily food services activities. There was also \$59 in other non-operating revenue from interest income.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$57,377 as compared to \$63,686 in 2013.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$8,128,977, expenditures of \$8,134,534. The net change in fund balance for the year was \$189,067. The District was able to meet current operating costs, through the use of surplus and with \$194,624 in proceeds from a capital lease.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (including the capital projects fund) for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 4,022,561	49.48%	\$ 34,470	0.86%
State Sources	3,876,069	47.68%	(57,737)	-1.47%
Federal Sources	230,347	2.83%	33,216	16.85%
Total	<u>\$ 8,128,977</u>	<u>100.00%</u>	<u>\$ 9,949</u>	<u>0.12%</u>

The increase in Local sources is attributed to an increase in other revenue of \$62,983, offset by a decrease in the governmental fund local tax levy of \$28,513.

The decrease in State sources is attributed to lower debt service aid of \$161,547, combined with additional general state aid of \$103,810.

The decrease in Federal sources is due to decreases in various grants. In addition, the 2014 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of general fund, special revenue fund, Capital Project fund and debt service fund expenditures for the fiscal year ended June 30, 2014 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2013</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 2,304,213	28.33%	\$ 130,727	5.91%
Support Services	5,215,493	64.12%	(5,840)	-0.12%
Capital Outlay	301,381	3.70%	202,653	123.54%
Special Revenues	246,847	3.03%	33,216	13.13%
Debt Service	66,600	0.82%	(419,713)	-84.47%
Total	<u>\$ 8,134,534</u>	<u>100.00%</u>	<u>\$ (58,957)</u>	<u>-0.73%</u>

The increase in instructional expenditures is attributed to net increases in various salaries and other instructional expenses for regular, special and other programs.

The decrease in undistributed expenditures was due to decreases in student related costs of \$9,722, administration costs of \$4,415 and maintenance costs of \$109,611, offset by increases in tuition costs of \$31,943, transportation costs of \$13,011 and employee benefits of \$72,954.

The increase in capital outlay is attributed to the purchase of two school buses, along with other equipment expenditures, as compared to last year.

The increase in special revenues is due to net increases in awards from the federal government.

The decrease in debt service of \$419,713 represents principal redeemed and lower interest expense.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2014, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs.
- Additional costs for student transportation both in regular education and special education.
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns.

While the District's final general fund budget anticipated that revenues, including \$229,078 in surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$209,272 as shown on Exhibit C-1.

- Actual revenues were \$95,767 more than expected due to the increased miscellaneous income, excluding on-behalf pension and social security reimbursements of \$411,102.
- Actual expenditures were \$187,861 less than expected. This also excludes state on-behalf pension and social security reimbursements of \$411,102.

Capital Assets

At the end of the fiscal year 2014, the Governmental Funds of the School District had \$3,673,933 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2014.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2014</u>
Land	\$ 781,429
Site Improvements	1,749
Building and Improvements	2,391,863
Transportation Vehicles	377,351
Machinery and Equipment	121,541
Totals	<u><u>\$ 3,673,933</u></u>

Overall capital assets decreased by \$34,208 from fiscal year 2013 to fiscal year 2014. There were increases of \$194,624 for school buses and \$33,004 in purchases of equipment during the year under audit. This was offset by depreciation expense of \$261,836 for the year.

Long-Term Debt

At June 30, 2014, the School District had \$570,408 of outstanding debt. Of this amount, \$143,876 is for compensated absences; \$291,532 for capital leases; and \$135,000 for general obligation bonds.

At June 30, 2014, the School District's overall legal debt margin was \$9,331,696 and the unvoted debt margin was \$9,196,696 or 98.6% of the total amount permitted by statute. The detail of the open debt issues is shown in Note 6 to the financial statements.

For the Future

In conclusion, the Upper Pittsgrove Township School District has committed itself to fiscal responsibility. In addition, the School District's system for financial planning, budgeting, and internal financial controls are functioning. The School District plans to continue its sound fiscal management to meet the requirements of the future while admitting that the challenge continues in finding revenues to meet expense requirements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lisa M. DiNovi, Business Administrator, Upper Pittsgrove Township School District, 235 Pine Tavern Road, Monroeville, NJ 08343.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 634,491	\$ 58,229	\$ 692,720
Accounts Receivable			
State and Federal	26,465	3,651	30,116
Other	25,636	1,677	27,313
Interfund	1,717		1,717
Inventory		2,748	2,748
Restricted Assets			
Capital Reserve Cash	28,828		28,828
Capital Assets, Net (Note 5):	3,659,869	14,064	3,673,933
Total Assets	4,377,006	80,369	4,457,375
LIABILITIES			
Current Liabilities:			
Accounts Payable	16,069	8,593	24,662
Accrued Interest Payable	1,350		1,350
Unearned Revenue	11,019	983	12,002
Non-current Liabilities:			
Due within One Year	145,691		145,691
Due beyond One Year	424,717		424,717
Total Liabilities	598,846	9,576	608,422
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,231,987	14,064	3,246,051
Restricted for:			
Capital Reserve	88,828		88,828
Maintenance Reserve	200,000		200,000
Excess Surplus	335,057		335,057
Special Revenue	(1,650)		(1,650)
Debt Service	1,247		1,247
Other Purposes	145,251		145,251
Unrestricted	(222,560)	56,729	(165,831)
Total Net Position	\$ 3,778,160	\$ 70,793	\$ 3,848,953

The accompanying Notes to Financial Statements are an integral part of this statement

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,824,169	\$	\$ 112,343	\$ (1,711,826)	\$	\$ (1,711,826)
Special Education	436,865			(436,865)		(436,865)
Other Instruction	155,522			(155,522)		(155,522)
Support Services:						
Tuition	2,088,860			(2,088,860)		(2,088,860)
Student & Instruction Related Services	518,863		123,522	(395,341)		(395,341)
General Administrative Services	165,174			(165,174)		(165,174)
School Administrative Services	158,146			(158,146)		(158,146)
Central Services	122,633			(122,633)		(122,633)
Admin. Info. Technology	10,808			(10,808)		(10,808)
Plant Operations & Maintenance	450,654			(450,654)		(450,654)
Student Transportation	390,306			(390,306)		(390,306)
Unallocated Employee Benefits	1,454,366		422,084	(1,032,282)		(1,032,282)
Unallocated Depreciation Expense	259,430			(259,430)		(259,430)
Interest on Long Term Debt	14,817			(14,817)		(14,817)
Total Governmental Activities	8,050,613		657,949	(7,392,664)		(7,392,664)
Business-type Activities:						
Food Service	135,311	83,633	57,377		5,699	5,699
School Care	42,006	37,980			(4,026)	(4,026)
Total Business-type Activities	177,317	121,613	57,377		1,673	1,673
Total Primary Government	\$ 8,227,930	\$ 121,613	\$ 715,326	(7,392,664)	1,673	(7,390,991)
General Revenues:						
Local Tax Levy						
General Purpose				3,776,190		3,776,190
Debt Service				67,800		67,800
Unrestricted Aid Federal and State				3,448,467		3,448,467
Interest				4,094		4,094
Tuition Revenue				21,622		21,622
Transportation Revenue				61,094		61,094
Rental				51,600		51,600
Gain on Fixed Asset Disposition						
Miscellaneous				40,161	59	40,220
Total General Revenues and Transfers				7,471,028	59	7,471,087
Change in Net Position				78,364	1,732	80,096
Net Position—Beginning (Restated)				3,699,796	69,061	3,768,857
Net Position—Ending				\$ 3,778,160	\$ 70,793	\$ 3,848,953

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 625,793	\$ 7,451	\$ 1,247	\$ 634,491
Cash Capital Reserve	28,828			28,828
Accounts Receivable				
State	15,446			15,446
Federal		11,019		11,019
Interfund	1,717			1,717
Other	25,636			25,636
Total Assets	\$ 697,420	\$ 18,470	\$ 1,247	\$ 717,137
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 6,968	\$ 9,101	\$	\$ 16,069
Unearned Revenue		11,019		11,019
Total Liabilities	6,968	20,120		27,088
Fund Balance:				
Restricted for:				
Capital Reserve	28,828			28,828
Maintenance Reserve	200,000			200,000
Excess Surplus	170,920			170,920
Tuition Reserve	60,000			60,000
Committed to:				
Year-End Encumbrances	140,086			140,086
Assigned:				
Excess Surplus - Designated for				
Subsequent Year's Expenditures	164,137			164,137
Designated for Subsequent Year's Expenditures	5,165			5,165
Unassigned, Reported In:				
General Fund	(78,684)			(78,684)
Special Revenue Fund		(1,650)		(1,650)
Debt Service Fund			1,247	1,247
Total Fund Balance	690,452	(1,650)	1,247	690,049
Total Liabilities and Fund Balance	\$ 697,420	\$ 18,470	\$ 1,247	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,808,603 and the accumulated depreciation of \$5,148,734 (Note 5).

3,659,869

Long-term liabilities, representing accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(1,350)

Long-term liabilities and accrued interest payable, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(570,408)

Net Position of Governmental Activities

\$ 3,778,160

The accompanying Notes to Financial Statements are an integral part of this statement

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Local sources:				
Local Tax Levy	\$ 3,776,190	\$	\$ 67,800	\$ 3,843,990
Tuition - Preschool	21,622			21,622
Transportation	61,094			61,094
Interest on Investments	3,869			3,869
Interest on Investments - Capital Reserve	225			225
Rental	51,600			51,600
Miscellaneous	40,161			40,161
Total Local Sources	3,954,761		67,800	4,022,561
State Sources	3,859,569	16,500		3,876,069
Federal Sources		230,347		230,347
Total Revenues	7,814,330	246,847	67,800	8,128,977
EXPENDITURES				
Regular Instruction	1,711,826	112,343		1,824,169
Special Education	436,865			436,865
Other Instruction	155,522			155,522
Support Services and Undistributed Costs:				
Tuition	2,088,860			2,088,860
Student & Instruction Related Services	395,341	123,522		518,863
General Administrative Services	165,174			165,174
School Administrative Services	158,146			158,146
Central Services	122,633			122,633
Admin. Info. Technology	10,808			10,808
Plant Operations & Maintenance	450,654			450,654
Student Transportation	390,306			390,306
Unallocated Employee Benefits	1,433,571	10,982		1,444,553
Capital Outlay	301,381			301,381
Debt Service				
Principal			60,000	60,000
Interest			6,600	6,600
Total Expenditures	7,821,087	246,847	66,600	8,134,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,757)		1,200	(5,557)
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	194,624			194,624
Total Other Financing Sources and Uses	194,624			194,624
Net Change in Fund Balances	187,867		1,200	189,067
Fund Balance—July 1	502,585	(1,650)	47	500,982
Fund Balance—June 30	\$ 690,452	\$ (1,650)	\$ 1,247	\$ 690,049

The accompanying Notes to Financial Statements are an integral part of this statement

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 189,067**

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(259,430)	
Capital Outlay		<u>227,628</u>	
			(31,802)

Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of net assets. This is the amount of repayments reported as expenditures in government funds 124,279

Issuance of New Capital Leases is a Non-operating increase to Fund Balance in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance but is not reported as an increase in the Statement of Net Position. (194,624)

In the Statement of Activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due. 1,257

In the Statement of Activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (9,813)

Change in Net Position of Governmental Activities (A-2) **\$ 78,364**

The accompanying Notes to Financial Statements are an integral part of this statement

PROPRIETARY FUNDS

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 29,681	\$ 28,548	\$ 58,229
Accounts Receivable			
State	87		87
Federal	3,564		3,564
Other	1,632	45	1,677
Inventories	2,748		2,748
Total Current Assets	<u>37,712</u>	<u>28,593</u>	<u>66,305</u>
Noncurrent Assets:			
Equipment	137,974		137,974
Less: Accumulated Depreciation	(123,910)		(123,910)
Total Noncurrent Assets	<u>14,064</u>		<u>14,064</u>
Total Assets	<u>51,776</u>	<u>28,593</u>	<u>80,369</u>
LIABILITIES:			
Current Liabilities:			
Due to Management Company	8,226		8,226
Accounts Payable	367		367
Unearned Revenue	983		983
Total Current Liabilities	<u>9,576</u>		<u>9,576</u>
NET POSITION:			
Unrestricted	<u>42,200</u>	<u>28,593</u>	<u>70,793</u>
Total Net Position	<u>42,200</u>	<u>28,593</u>	<u>70,793</u>
Total Liabilities and Net Position	<u>\$ 51,776</u>	<u>\$ 28,593</u>	<u>\$ 80,369</u>

The accompanying Notes to Financial Statements are an integral part of this statement

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 34,832	\$	\$ 34,832
Non-Reimbursable Programs	26,631		26,631
Special Functions	119		119
Program Fees	22,051	37,980	60,031
	<u>83,633</u>	<u>37,980</u>	<u>121,613</u>
Total Operating Revenue:			
OPERATING EXPENSES			
Labor	40,845	31,936	72,781
Depreciation	2,406		2,406
Cost of Sales	61,021		61,021
Supplies and Materials	11,705	10,070	21,775
Management Fee	11,899		11,899
Other	7,435		7,435
	<u>135,311</u>	<u>42,006</u>	<u>177,317</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(51,678)</u>	<u>(4,026)</u>	<u>(55,704)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,178		1,178
Federal Sources			
National School Lunch Program	38,902		38,902
School Breakfast Program	6,755		6,755
Food Distribution Program	10,542		10,542
Interest	23	36	59
	<u>57,400</u>	<u>36</u>	<u>57,436</u>
Total Non-operating Revenues			
Net Income (Loss) Before Operating Transfers	<u>5,722</u>	<u>(3,990)</u>	<u>1,732</u>
Change in Net Position	5,722	(3,990)	1,732
Total Net Position—Beginning	36,478	32,583	69,061
Total Net Position—Ending	<u>\$ 42,200</u>	<u>\$ 28,593</u>	<u>\$ 70,793</u>

The accompanying Notes to Financial Statements are an integral part of this statement

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (51,678)	\$ (4,026)	\$ (55,704)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Food Distribution Program	10,542		10,542
Depreciation	2,406		2,406
Change in Assets and Liabilities			
(Increase) Decrease in Inventory	1,323		1,323
Increase (Decrease) in Receivables	(2,251)		(2,251)
Increase (Decrease) in Unearned Revenue	(1,776)		(1,776)
Increase (Decrease) in Payables	2,723		2,723
Net Cash Provided (Used) by Operating Activities	(38,711)	(4,026)	(42,737)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Reimbursements	46,835		46,835
Net Cash Provided (Used) by Noncapital Financing Activities	46,835		46,835
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets			
Net Cash Provided (Used) by Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	23	36	59
Net Cash Provided (Used) by Investing Activities	23	36	59
Net Increase (Decrease) in Cash and Cash Equivalents	8,147	(3,990)	4,157
Cash and Cash Equivalents - Beginning of Year	21,534	32,538	54,072
Cash and Cash Equivalents - End of Year	\$ 29,681	\$ 28,548	\$ 58,229

The accompanying Notes to Financial Statements are an integral part of this statement

FIDUCIARY FUNDS

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	EXPENDABLE TRUST		AGENCY	
	SCHOLARSHIP TRUST	STUDENT ACTIVITY	PAYROLL	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 92	\$ 13,267	\$ 17,621	\$ 30,980
Investments	15,184	1,805		16,989
Total Assets	15,276	15,072	17,621	47,969
LIABILITIES				
Interfunds Payable			1,717	1,717
Deductions Payable			15,904	15,904
Due to Student Groups		15,072		15,072
Total Liabilities		15,072	17,621	32,693
NET POSITION				
Reserved for Scholarships	15,276			15,276
Total Net Position	\$ 15,276	\$	\$	\$ 15,276

The accompanying Notes to Financial Statements are an integral part of this statement

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>SCHOLARSHIP TRUST</u>
OPERATING REVENUES	
Local Sources	
Contributions	\$
Interest on Investments	30
	<hr/>
Total Operating Revenues	30
	<hr/>
OPERATING EXPENDITURES	
Awards	
	<hr/>
Total Operating Expenditures	
	<hr/>
Change in Net Position	30
Net Position—Beginning of the Year	15,246
	<hr/>
Net Position—End of the Year	\$ 15,276
	<hr/> <hr/>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Upper Pittsboro Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of forty square miles. It is located in Salem County and provided education for all of Upper Pittsboro Township's grades Pre-Kindergarten through Grade 8. The year ended with an enrollment of 373 students.

Reporting Entity:

The Upper Pittsboro Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board consists of elected officials and is responsible for the fiscal control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Upper Pittsboro Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards:

During fiscal year 2013, the district adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards (Cont'd):

- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUND TYPE

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District currently has no capital projects and, therefore, has not included a capital projects fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise (Food Service) Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District's Enterprise Fund is comprised of the Food Service Fund and After School Care program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
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FIDUCIARY FUNDS

Fiduciary funds include expendable trust, nonexpendable trust and agency funds. The measurement focus of the expendable trust funds is the same as for governmental funds. The measurement focus of nonexpendable trust funds is similar to proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The District reports the following fiduciary funds:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Board approved \$300 in scholarship awards in 2013-2014.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FIDUCIARY FUNDS (CONT'D)

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**UPPER PITTSBGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis, which differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types as shown on Exhibit C-1.

E. Encumbrances Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On District-wide Financial Statements and in the Enterprise Fund, inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. This includes Federal Commodity Food in the amount of \$983. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$ 2,118
Supplies	<u>630</u>
	<u>\$ 2,748</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure. The capitalization threshold used by Districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the full month convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Electrical / Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and Medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

H. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

I. Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

L. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

M. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

N. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**UPPER PITTSBGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

R. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

S. Bond and Lease Acquisition Costs:

As part of any bond or long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2014.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2014, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 723,700
Certificates of Deposit	16,989
Total	<u>\$ 740,689</u>

Custodial Credit Risk:

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act.

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. The Board of Education designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2014, \$1,183,869 of the District's bank balance of \$933,869 was uninsured, exposed to custodial credit risk and collateralized by GUDPA.

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by the District for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facility Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the support costs of uncompleted projects in its approved LRFP. During the 2005-06 school year, \$24,749 was appropriated as an addition to the capital reserve account. In addition, there was \$435 in interest earnings in 2005-06, \$1,133 in 06-07, \$921 in 07-08, \$409 in 08-09, \$225 in 09-10, \$225 in 10-11, \$281 in 11-12, \$225 in 12-13 and 4225 in 2013-14, resulting in a balance at June 30, 2014 of \$28,828.

The June 30, 2014 LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is \$476,319. There were no withdrawals from the capital reserve for use in a DOE approved facilities project during the 2013-14 School Year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Adjust- ments	Retirements	Ending Balance
Governmental Activities					
Land - Capital Assets not Depreciated	\$ 781,429	\$ -	\$ -	\$ -	\$ 781,429
Facility and Improvements	6,743,616		132,845		6,876,461
Transportation	581,690	194,624	(159,116)		617,198
Machinery and Equipment	612,214	33,004	(111,703)		533,515
Totals at Historical Cost	7,937,520	227,628	(137,974)		8,027,174
Less Accumulated Depreciation	(5,027,278)	(259,430)	137,974		(5,148,734)
	2,910,242	(31,802)	-		2,878,440
Government Activities - Capital Assets, Net	\$ 3,691,671	\$ (31,802)	\$ -	\$ -	\$ 3,659,869
Business-type Activities					
Equipment	\$ 138,174		\$ (200)		\$ 137,974
Accumulated Depreciation	(121,704)	\$ (2,406)	200		(123,910)
Business-type Activities Capital Assets, Net	\$ 16,470	\$ (2,406)	\$	\$	\$ 14,064

Depreciation was Charged to Governmental Functions as Follows:

Unallocated	\$ 259,430
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**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2014, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Amounts Due within One Year	Long Term Portion
Governmental Activities:							
Bonds payable:							
General obligation debt	\$ 195,000	\$ -	\$ (60,000)	\$ -	\$ 135,000	\$ 65,000	\$ 70,000
Total bonds payable	195,000		(60,000)		135,000	65,000	70,000
Other Liabilities:							
Obligations under							
Capital Leases	161,187	194,624	(64,279)		291,532	80,691	210,841
Compensated absences							
Payable	134,063	9,813			143,876		143,876
Total other liabilities	\$ 490,250	\$ 204,437	\$ (124,279)	\$ -	\$ 570,408	\$ 145,691	\$ 424,717

To A-1

A. Bonds Payable – Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 65,000	\$ 5,400	\$ 70,400
2016	70,000	2,800	72,800
	<u>\$ 135,000</u>	<u>\$ 8,200</u>	<u>\$ 143,200</u>

B. Bonds Authorized But Not Issued – As of June 30, 2014, the District had no authorized but not issued bonds.

C. Capital Leases – The District is leasing transportation equipment under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum and the net minimum lease payments at June 30, 2014.

Year Ending June 30,	Principal	Interest	Total
2015	\$ 80,691	\$ 11,376	\$ 92,067
2016	83,722	5,930	89,652
2017	66,799	3,590	70,389
2018	60,320	1,785	62,105
	<u>\$ 291,532</u>	<u>\$ 22,681</u>	<u>\$ 314,213</u>

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Significant Legislation - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7. PENSION PLANS (CONT'D)

Significant Legislation (Cont'd) -

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/14	\$	55,597	100%	\$	55,597
6/30/13		37,064	100%		37,064
6/30/12		55,789	100%		55,789

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/14	\$	239,747	100%	\$	0
6/30/13		295,548	100%		0
6/30/12		195,219	100%		0

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (Continued) – During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$90,826 to the TPAF for pension contributions and \$148,921 in post-retirement benefits and deferred the entire normal contribution on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$171,355 during the year ended June 30, 2014, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

NOTE 9. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

Lincoln Investment Planning, Inc. and Oppenheimer Funds

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Percentage Method". Under this plan, the District files form NJ-927 with the State of New Jersey.

**UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,717	\$
Payroll Fund		1,717
Total	<u>\$ 1,717</u>	<u>\$ 1,717</u>

NOTE 12. FUND BALANCE APPROPRIATED

General Fund - Of the \$690,452 General Fund balance at June 30, 2014, \$140,086 is reserved for Encumbrances; \$28,828 has been reserved for Capital Reserve; \$200,000 has been reserved for Maintenance Reserve; \$60,000 has been reserved for Tuition Reserve; \$335,057 is reserved as Excess Surplus at June 30, 2014, of which \$164,137, has been appropriated and included as anticipated revenue for the year ending June 30, 2015; \$5,165 has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2015; and (\$78,684) represents deficit in unreserved and Undesignated Fund Balance.

Debt Service Fund - The Debt Service fund had fund balance at June 30, 2014 of \$1,247.

NOTE 13. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance of \$170,920 is to be anticipated in the 2015-16 budget.

NOTE 14. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's Solicitor, there is one notice of a tort claim, filed on March 18, 2014 involving a bus accident, of which no civil litigation has been initiated, but a demand of \$10,000,000 has been presented. If a suit materializes, the claim will be presented to the District's Insurance Carrier. Automobile Bodily Injury and Property Damage is covered by insurance in the amount of \$6,000,000. Depositions have been conducted and a status conference is scheduled for November 19, 2014, with the discovery end date being December 30, 2014. One other previously pending litigation was settled in June of 2013 in the amount of \$40,000.

NOTE 15. OPERATING LEASE

The District had no new operating lease agreements during the 2013-2014 school year.

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 16. DEFICIT FUND BALANCES

The District has deficit fund balances of \$78,684 in the General Fund and \$1,650 in the Special Revenue Fund, as of June 30, 2014, as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last two state aid payments in the subsequent fiscal year, the district cannot recognize those state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the deficits do not alone indicate that the district is facing financial difficulties. There deficit in the General Fund is less than the 19th and 20th payments. The Special Revenue Fund deficit of \$1,650 is equal to the 19th and 20th payments received in July 2014.

NOTE 17. FEMA Community Disaster Loan (CDL)

General Fund [Exhibits A-1, A-2, B-1, B-2, C-1] - The School District did not apply for and did not receive a CDL due to Superstorm Sandy in October 2012.

NOTE 18. Community Development Block Grant (CDBG)

General Fund [Exhibits A-1, A-2, B-1, B-2, C-1 and C-1/b] - The School District did not receive a CDBG for the school year 2013-2014

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,776,190	\$	\$ 3,776,190	\$ 3,776,190	\$
Tuition from Individuals - Preschool	10,000		10,000	21,622	11,622
Transportation from Other LEAs	47,000		47,000	61,094	14,094
Interest on Investments				3,869	3,869
Interest on Capital Reserve Account				225	225
Rentals				51,600	51,600
Miscellaneous	32,600		32,600	40,161	7,561
Total Local Sources	<u>3,865,790</u>		<u>3,865,790</u>	<u>3,954,761</u>	<u>88,971</u>
State Sources:					
Equalization Aid	2,602,252		2,602,252	2,602,252	
School Choice	150,997		150,997	150,997	
Special Education Aid	300,139		300,139	300,139	
Transportation Aid	316,928		316,928	316,928	
Security Aid	55,469		55,469	55,469	
Under Adequacy Aid	37,291		37,291	37,291	
Nonpublic Transportation Aid				6,796	6,796
On-Behalf TPAF Pension Contribution (non-budgeted)				90,826	90,826
On-Behalf TPAF Postretirement Medical Contribution (non-budgeted)				148,921	148,921
Reimbursed TPAF Social Security (non-budgeted)				171,355	171,355
Total State Sources	<u>3,463,076</u>		<u>3,463,076</u>	<u>3,880,974</u>	<u>417,898</u>
Federal Sources:					
TOTAL REVENUES	<u>\$ 7,328,866</u>	<u>\$</u>	<u>\$ 7,328,866</u>	<u>\$ 7,835,735</u>	<u>\$ 506,869</u>

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool	\$ 35,940	\$ 93	\$ 36,033	\$ 36,033	\$
Kindergarten	153,069	(587)	152,482	152,482	
Grades 1-5	831,780	(82,568)	749,212	746,685	2,527
Grades 6-8	522,043	76,888	598,931	598,931	
Regular Programs - Home Instruction					
Salaries of Teachers	1,000	(724)	276		276
Purchased Professional/Educational Services		13,394	13,394	13,196	198
Regular Programs - Undistributed Instruction					
Purchased Technical Services	2,500	385	2,885	2,885	
Other Purchased Services	35,400	1,923	37,323	33,712	3,611
General Supplies	68,352	(8,337)	60,015	55,559	4,456
Textbooks	56,000	16,509	72,509	72,343	166
Total Regular Programs - Instruction	1,706,084	16,976	1,723,060	1,711,826	11,234
Special Education - Instruction					
Resource Room/Resource Center					
Salaries of Teachers	309,250	19,549	328,799	328,723	76
Other Salaries for Instruction	98,422	6,404	104,826	102,842	1,984
General Supplies	1,000	4,300	5,300	5,300	
Total Learning and Language Disabilities	408,672	30,253	438,925	436,865	2,060
Total Special Education	408,672	30,253	438,925	436,865	2,060
Basic Skills/Remedial - Instruction					
Salaries of Teachers	81,644	(3,814)	77,830	77,830	
Total Basic Skills/Remedial - Instruction	\$ 81,644	\$ (3,814)	\$ 77,830	\$ 77,830	\$

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Adjustments Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 54,990	\$	\$ 54,990	\$ 54,910	\$ 80
General Supplies		299	299	299	
Total Bilingual Education - Instruction	54,990	299	55,289	55,209	80
School Sponsored Co/Extra-Curricular Activities - Instruction					
Salaries	15,000	(294)	14,706	14,213	493
Supplies and Materials	500	209	709	709	
Other Objects		85	85	85	
Total School Sponsored Co/Extra-Curricular Activities	15,500		15,500	15,007	493
School Sponsored Athletic Activities					
Salaries	10,000	(1,554)	8,446	4,307	4,139
Purchased Services	3,500		3,500	2,919	581
Supplies and Materials	1,500	(900)	600	250	350
Other Objects	600	(600)			
Total School Sponsored Athletic Activities	15,600	(3,054)	12,546	7,476	5,070
Total Instruction	2,282,490	40,660	2,323,150	2,304,213	18,937
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State - Regular	1,772,241	750	1,772,991	1,772,991	
Tuition to Other LEAs Within State - Special	110,051		110,051	110,051	
Tuition County Voc. School Dist - Regular	44,250	11,680	55,930	53,856	2,074
Tuition to CSSD and Regional Day Schools	202,249	(111,536)	90,713	89,154	1,559
Tuition to Private Schools/Disabled Within State	143,506	(71,416)	72,090	47,083	25,007
Tuition Other		15,725	15,725	15,725	
Total Undistributed Expenditures - Instruction	2,272,297	(154,797)	2,117,500	2,088,860	28,640
Attendance and Social Worker Services					
Salaries	12,732	1,454	14,186	12,732	1,454
Total Attendance and Social Worker Services	12,732	1,454	14,186	12,732	1,454
Health Services					
Salaries	74,290	(590)	73,700	73,700	
Purchased Professional and Technical Services	5,500	(229)	5,271	2,619	2,652
Supplies and Materials	1,500		1,500	1,244	256
Other Objects		85	85	85	
Total Health Services	\$ 81,290	\$ (734)	\$ 80,556	\$ 77,648	\$ 2,908

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Speech, OT, PT and Related Services					
Salaries	\$ 67,340	\$ 2,000	\$ 69,340	\$ 68,009	\$ 1,331
Purchased Professional/Educational Services	30,000	(2,000)	28,000	13,309	14,691
Total Related Services	97,340		97,340	81,318	16,022
Special Education - Extraordinary Services					
Salaries	75,725	(720)	75,005	56,378	18,627
Purchased Professional/Educational Services	42,000		42,000	18,948	23,052
Total Extraordinary Services	117,725	(720)	117,005	75,326	41,679
Other Support Services Students - Guidance					
Salaries of Other Professional Staff	56,290		56,290	51,248	5,042
Purchased Professional/Educational Services	750		750		750
Supplies and Materials	400		400	376	24
Total Other Support Services Students - Guidance	57,440		57,440	51,624	5,816
Other Support Services Student - Child Study Team					
Salaries of Secretarial and Clerical Assistants	11,659	2	11,661	11,661	
Purchased Professional/Educational Services	26,029	319	26,348	26,101	247
Supplies and Materials	5,000	(587)	4,413	4,379	34
Total Other Support Services Students - Child Study Team	42,688	(266)	42,422	42,141	281
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	23,294	454	23,748	23,748	
Total Educational Media/School Library	23,294	454	23,748	23,748	
Educational Media Services/School Library					
Salaries	13,147	(3)	13,144	13,144	
Purchased Professional and Technical Services	2,000	300	2,300	2,300	
Supplies and Materials	3,000	330	3,330	3,282	48
Total Educational Media/School Library	\$ 18,147	\$ 627	\$ 18,774	\$ 18,726	\$ 48

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Instructional Staff Training Services					
Purchased Professional- Educational Services	\$	\$ 6,598	\$ 6,598	\$ 6,127	\$ 471
Other Prof/Tech Services	8,000	(6,600)	1,400	1,400	
Other Purchased Services (400-500 series)	5,000	(264)	4,736	4,551	185
Total Instructional Staff Training Services	13,000	(266)	12,734	12,078	656
Support Services General Administration					
Salaries	44,690		44,690	44,690	
Legal Services	5,000	3,030	8,030	8,030	
Audit Fees	15,000	(468)	14,532	13,260	1,272
Other Purchased Professional Services	87,300	(6,850)	80,450	57,968	22,482
Purchased Technical Services	6,700	(535)	6,165		6,165
Communications/Telephone	19,300	37	19,337	15,613	3,724
BOE Other Purchased Services		13,975	13,975	13,735	240
Misc Purchased Services (400-500) [Other then 530&585]	11,542	(11,542)			
General Supplies	2,500	3,444	5,944	5,289	655
BOE Membership Dues and Fees	6,000	589	6,589	6,589	
Total Support Services General Administration	198,032	1,680	199,712	165,174	34,538
Support Services School Administration					
Salaries of Principals/Assistant Principals	93,177	(455)	92,722	92,198	524
Salaries of Secretarial and Clerical Assistants	46,492	4,152	50,644	50,644	
Other Salaries	3,000	2,287	5,287	5,286	1
Purchased Prof. And Tech. Services	5,800	4,942	10,742	5,471	5,271
Supplies and Materials	2,500	6,235	8,735	3,667	5,068
Other Objects	1,200		1,200	880	320
Total Support Service School Administration	152,169	17,161	169,330	158,146	11,184
Central Services					
Purchased Professional Services	106,000		106,000	106,000	
Purchased Technical Services	10,000	4,800	14,800	8,800	6,000
Supplies and Materials	3,000	6,483	9,483	2,468	7,015
Interest on Lease Purchase Agreement	4,015	1,200	5,215	5,215	
Miscellaneous Expenditures	150		150	150	
Total Central Services	123,165	12,483	135,648	122,633	13,015
Admin. Info. Technology					
Salaries	\$ 10,808	\$	\$ 10,808	\$ 10,808	\$

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Required Maintenance of School Facilities					
Cleaning, Repair and Maintenance Services	\$ 43,100	\$ (8,203)	\$ 34,897	\$ 33,858	\$ 1,039
General Supplies	1,500	1,985	3,485	3,258	227
Other Objects		166	166	166	
Total Required Maintenance of School Facilities	44,600	(6,052)	38,548	37,282	1,266
Undistributed Expenditures - Custodial Services					
Salaries	172,413	(567)	171,846	171,031	815
Cleaning, Repair and Maintenance Services	58,354	(16,687)	41,667	41,581	86
Insurance	42,228	(2,296)	39,932	39,932	
General Supplies	26,500	433	26,933	25,169	1,764
Energy - Natural Gas	3,500		3,500	3,061	439
Energy - Electricity	120,600	28,403	149,003	132,598	16,405
Total Undist. Expend - Custodial Services	423,595	9,286	432,881	413,372	19,509
Total Other Operations and Maintenance of Plant Services	468,195	3,234	471,429	450,654	20,775
Student Transportation Services					
Salaries for Pupil Trans (Between Home/School) - Regular	154,654	(6,540)	148,114	147,922	192
Salaries for Pupil Trans (Between Home/School) - Special	14,577	7,430	22,007	21,032	975
Salaries for Pupil Trans (Other than Between Home/School)		8,693	8,693	4,897	3,796
Cleaning, Repair and Maintenance Services	40,000	1,062	41,062	41,062	
Lease Purchase Payments - School Buses	8,249	(4,053)	4,196	3,420	776
Contract Services (Special Education Stds)-Joint Agrmts	34,200	(12,816)	21,384	21,384	
Contract Services (Special Education Stds)-ESCs & CTSAs	46,500	(3,117)	43,383	35,631	7,752
Contract Services-Aid in Lieu Payments-Non Public School	26,520	(5,304)	21,216	20,332	884
Miscellaneous Purchased Services - Transportation	3,500	18,689	22,189	18,064	4,125
General Supplies	80,400	4,286	84,686	76,562	8,124
Total Student Transportation Services	\$ 408,600	\$ 8,330	\$ 416,930	\$ 390,306	\$ 26,624

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Employee Benefits					
Social Security Contributions	\$ 61,000	\$ 1,026	\$ 62,026	\$ 62,026	\$
Other Retirement Contributions - PERS	59,130	(3,533)	55,597	55,597	
Unemployment Compensation	15,000	9,964	24,964	24,964	
Workmen's Compensation	47,521	(7,496)	40,025	40,025	
Health Benefits	740,895	87,838	828,733	812,636	16,097
Tuition Reimbursements	10,600	(3,251)	7,349	7,349	
Other Employee Benefits	19,563	309	19,872	19,872	
Total Employee Benefits	953,709	84,857	1,038,566	1,022,469	16,097
On-Behalf TPAF Pension Contribution (non-budgeted)				90,826	(90,826)
On-Behalf TPAF Postretirement Contribution (non-budgeted)				148,921	(148,921)
Reimbursed TPAF Social Security (non-budgeted)				171,355	(171,355)
Total On-Behalf Contributions				411,102	(411,102)
Total Undistributed Expenditures	5,050,631	(26,503)	5,024,128	5,215,493	(191,365)
Total Expenditures - Current Expense	7,333,121	14,157	7,347,278	7,519,706	(172,428)
Capital Outlay					
Increase in Capital Reserve		225	225		225
Equipment					
Undistributed Expenditures:					
Instruction	4,000		4,000		4,000
Central Services - Equipment	4,000		4,000		4,000
Custodial Services	13,571		13,571	13,571	
School Busses - Regular	63,778	8,235	72,013	50,708	21,305
Total Equipment	85,349	8,460	93,809	64,279	29,530
Facilities Acquisitions and Construction Services					
Other Purchased Prof/ Tech. Services		16,500	16,500	14,719	1,781
Construction Services	130,000	785	130,785	18,285	112,500
Assessment for Debt Service on SDA Funding	9,474		9,474	9,474	
Total Facilities Acquisitions and Construction Services	139,474	17,285	156,759	42,478	114,281
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures				194,624	(194,624)
Total Assets Acquired Under Capital Leases (non-budgeted)				194,624	(194,624)
Total Capital Outlay	224,823	25,745	250,568	301,381	(50,813)
Total Expenditures	\$ 7,557,944	\$ 39,902	\$ 7,597,846	\$ 7,821,087	\$ (223,241)

UPPER PITTSBURGH TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (229,078)	\$ (39,902)	\$ (268,980)	\$ 14,648	\$ 283,628
Other Financing Sources (Uses):					
Proceeds from Capital Lease				194,624	194,624
Total Other Financing Sources (Uses)				194,624	194,624
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(229,078)	(39,902)	(268,980)	209,272	478,252
Fund Balances, July 1	675,907	(68,441)	607,466	816,660	209,194
Fund Balances, June 30	\$ 446,829	\$ (108,343)	\$ 338,486	\$ 1,025,932	\$ 687,446

RECAPITULATION :

Fund Balances

Restricted for:

Capital Reserve	\$ 28,828
Maintenance Reserve	200,000
Tuition Reserve	60,000
Excess Surplus	170,920
Excess Surplus - Designated for Subsequent Year's Expenditures	164,137

Assigned to:

Year - End Encumbrances	140,086
Assigned Fund Balance - Designated for Subsequent Year's Expenditures	5,165
Unassigned Fund Balance	256,796

1,025,932

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis (335,480)

Fund Balance per Governmental Funds (GAAP) \$ 690,452

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Federal Sources	\$ 137,011	\$ 82,328	\$ 219,339	\$ 219,339	\$
State Sources	16,500		16,500	16,500	
Total Revenues	<u>153,511</u>	<u>82,328</u>	<u>235,839</u>	<u>235,839</u>	
EXPENDITURES					
Instruction					
Salaries of Teachers	153,511	(85,208)	68,303	68,303	
Purchased Prof/Technical Services		4,945	4,945	4,945	
Other Purchased Services		3,200	3,200	3,200	
Supplies and Materials		24,887	24,887	24,887	
Total Instruction	<u>153,511</u>	<u>(52,176)</u>	<u>101,335</u>	<u>101,335</u>	
Support Services					
Personal Services - Employee Benefits		10,982	10,982	10,982	
Purchased Prof/Technical Services		123,500	123,500	123,500	
Supplies and Materials		22	22	22	
Total Support Services		<u>134,504</u>	<u>134,504</u>	<u>134,504</u>	
Facilities Acquisition and Construction Services					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>153,511</u>	<u>82,328</u>	<u>235,839</u>	<u>235,839</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule	[C-1] \$ 7,835,735	[C-2] \$ 235,839
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances: June 30, 2013		22,027
Encumbrances: June 30, 2014		(11,019)
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	314,075	1,650
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(335,480)	(1,650)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>7,814,330</u>	[B-2] \$ <u>246,847</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 7,821,087	[C-2] \$ 235,839
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Encumbrances: June 30, 2013		22,027
Encumbrances: June 30, 2014		(11,019)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ <u>7,821,087</u>	[B-2] \$ <u>246,847</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT E-1
(1)

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	<u>NCLB</u>		<u>I.D.E.A. PART B</u>		<u>SUBTOTAL PER E-1(2)</u>	<u>TOTAL</u>	
	<u>TITLE I PART A 2013-14</u>	<u>TITLE II PART A 2012-13</u>	<u>BASIC</u>	<u>PRE- SCHOOL</u>		<u>2014</u>	<u>2013</u>
REVENUES							
Federal Sources	\$ 52,422	\$ 7,094	\$ 122,925	\$ 3,775	\$ 33,123	\$ 219,339	\$ 219,158
State Sources					16,500	16,500	16,500
Total Revenues	52,422	7,094	122,925	3,775	49,623	235,839	235,658
EXPENDITURES							
Instruction							
Salaries of Teachers	42,000	5,750			20,553	68,303	60,200
Purchased Professional/Technical Services					4,945	4,945	19,850
Other Purchased Services			3,200			3,200	8,961
Supplies and Materials	762				24,125	24,887	13,823
Total Instruction	42,762	5,750	3,200		49,623	101,335	102,834
Support Services							
Personal Services - Employee Benefits	9,660	1,322				10,982	8,740
Purchased Professional/Technical Services			119,725	3,775		123,500	124,084
Supplies and Materials		22				22	
Total Support Services	9,660	1,344	119,725	3,775		134,504	132,824
Facilities Acquisition							
Instructional Equipment							
Total Facilities Acquisition							
Total Expenditures	\$ 52,422	\$ 7,094	\$ 122,925	\$ 3,775	\$ 49,623	\$ 235,839	\$ 235,658

EXHIBIT E-1

(2)

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	<u>PRESCHOOL EDUCATION</u>	<u>REAP 2012-13</u>	<u>TOTAL</u>
REVENUES			
Federal Sources	\$	\$ 33,123	\$ 33,123
State Sources	16,500		16,500
Total Revenues	16,500	33,123	49,623
EXPENDITURES			
Instruction			
Salaries of Teachers	16,500	4,053	20,553
Purchased Professional/Technical Services		4,945	4,945
Other Purchased Services			
Supplies and Materials		24,125	24,125
Total Instruction	16,500	33,123	49,623
Support Services			
Personal Services - Employee Benefits			
Purchased Professional/Technical Services			
Other Purchased Services			
Total Support Services			
Facilities Acquisition			
Instructional Equipment			
Total Facilities Acquisition			
Total Expenditures	\$ 16,500	\$ 33,123	\$ 49,623

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 16,500	\$ 16,500	\$
Total Instruction	<u>16,500</u>	<u>16,500</u>	
Total Support Services			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2013-14 Preschool Education Aid Allocation	\$ 16,500	(1)
Add: Actual ECPA Carryover (June 30, 2013)		(2)
Add: Budgeted Transfer from General Fund 2013-14		(3)
	<u>16,500</u>	(4)
Total Preschool Education Aid Funds Available for 2013-14 Budget	16,500	(4)
Less: 2013-14 Budgeted Preschool Education Aid and Prior Year Budgeted (Carryover)	(16,500)	(5)
	<u>-</u>	(6)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014	-	(6)
Add: June 30, 2014 Unexpended Preschool Education Aid		(7)
Less: 2013-14 Commissioner-approved Transfer to the General Fund		(8)
	<u>-</u>	(9)
2013-14 Carryover - Preschool Education Aid	-	(9)
	<u>-</u>	(10)
2013-14 Preschool Education Aid Carryover Budgeted for Preschool Programs 2014-15	-	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2014 AND 2013

	<u>FOOD SERVICE FUND</u>	<u>SCHOOL CARE</u>	<u>TOTAL</u>	
			<u>2014</u>	<u>2013</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 29,681	\$ 28,548	\$ 58,229	\$ 54,072
Accounts Receivable				
State	87		87	162
Federal	3,564		3,564	2,870
Other	1,632	45	1,677	45
Inventories	2,748		2,748	4,071
Total Current Assets	<u>37,712</u>	<u>28,593</u>	<u>66,305</u>	<u>61,220</u>
Fixed Assets				
Equipment	137,974		137,974	138,174
Accumulated Depreciation	(123,910)		(123,910)	(121,704)
Total Fixed Assets	<u>14,064</u>		<u>14,064</u>	<u>16,470</u>
Total Assets	<u><u>\$ 51,776</u></u>	<u><u>\$ 28,593</u></u>	<u><u>\$ 80,369</u></u>	<u><u>\$ 77,690</u></u>
LIABILITIES				
Current Liabilities				
Due to Management Company	\$ 8,226	\$	\$ 8,226	\$ 5,870
Accounts Payable	367		367	
Unearned Revenue	983		983	2,759
Total Liabilities	<u>9,576</u>		<u>9,576</u>	<u>8,629</u>
NET POSITION				
Unrestricted	<u>42,200</u>	<u>28,593</u>	<u>70,793</u>	<u>69,061</u>
Total Net Position	<u>42,200</u>	<u>28,593</u>	<u>70,793</u>	<u>69,061</u>
Total Liabilities and Fund Equity	<u><u>\$ 51,776</u></u>	<u><u>\$ 28,593</u></u>	<u><u>\$ 80,369</u></u>	<u><u>\$ 77,690</u></u>

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2014	2013
OPERATING REVENUES				
Local Sources				
Daily Sales				
Reimbursable Programs	\$ 34,832	\$	\$ 34,832	\$ 50,049
Non-Reimbursable Programs	26,631		26,631	10,414
Special Functions	119		119	548
Program Fees	22,051	37,980	60,031	71,991
Total Operating Revenue	83,633	37,980	121,613	133,002
OPERATING EXPENSES				
Labor	40,845	31,936	72,781	85,755
Depreciation	2,406		2,406	2,406
Cost of Sales	61,021		61,021	69,873
Supplies and Materials	11,705	10,070	21,775	13,505
Management Fee	11,899		11,899	8,925
Other	7,435		7,435	9,374
Total Operating Expenses	135,311	42,006	177,317	189,838
Operating Income (Loss)	(51,678)	(4,026)	(55,704)	(56,836)
NON-OPERATING REVENUES				
State Sources				
State School Lunch Program	1,178		1,178	1,366
Federal Sources				
National School Lunch Program	38,902		38,902	41,449
School Breakfast Program	6,755		6,755	6,333
Food Distribution Program	10,542		10,542	14,538
Interest	23	36	59	52
Total Non-Operating Revenues	57,400	36	57,436	63,738
Net Income (Loss) Before Operating Transfers	5,722	(3,990)	1,732	6,902
Net (Loss) Income	5,722	(3,990)	1,732	6,902
Net Position - July 1	36,478	32,583	69,061	62,159
Net Position - June 30	\$ 42,200	\$ 28,593	\$ 70,793	\$ 69,061

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2014 AND 2013

	FOOD SERVICE FUND	SCHOOL CARE	TOTAL	
			2014	2013
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ (51,678)	\$ (4,026)	\$ (55,704)	\$ (56,836)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities				
Food Distribution Program	10,542		10,542	14,538
Depreciation	2,406		2,406	2,406
Change in Assets and Liabilities				
(Increase) Decrease in Inventory	1,323		1,323	(1,004)
(Increase) Decrease in Accounts Receivable	(2,251)		(2,251)	5,062
Increase (Decrease) in Unearned Revenue	(1,776)		(1,776)	1,429
Increase (Decrease) in Payables	2,723		2,723	317
Net Cash Provided (Used) by Operating Activities	(38,711)	(4,026)	(42,737)	(34,088)
Cash Flows from Noncapital Financing Activities				
Cash Received from State and Federal Reimbursements	46,835		46,835	49,148
Operating Transfer from General Fund				
Prior Year Revenue Adjustment				
Net Cash Provided (Used) by Noncapital Financing Activities	46,835		46,835	49,148
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets				
Net Cash Provided (Used) by Capital and Related Financing Activities				
Cash Flows from Investing Activities				
Interest on Investments	23	36	59	52
Net Cash Provided (Used) by Investing Activities	23	36	59	52
Net Increase (Decrease) in Cash and Cash Equivalents	8,147	(3,990)	4,157	15,112
Cash and Cash Equivalents - July 1	21,534	32,538	54,072	38,960
Cash and Cash Equivalents - June 30	\$ 29,681	\$ 28,548	\$ 58,229	\$ 54,072

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	AGENCY				
	SCHOLARSHIP TRUST	STUDENT ACTIVITY	PAYROLL	TOTAL	
				2014	2013
ASSETS					
Cash and Cash Equivalents	\$ 92	\$ 13,267	\$ 17,621	\$ 30,980	\$ 23,424
Investments	15,184	1,805		16,989	16,769
Total Assets	15,276	15,072	17,621	47,969	40,193
LIABILITIES					
Due to General Fund			1,717	1,717	4,083
Deductions Payable			15,904	15,904	4,626
Due to Student Groups		15,072		15,072	15,685
Total Liabilities		15,072	17,621	32,693	24,394
NET POSITION					
Reserved for Scholarships	15,276			15,276	15,799
Total Net Position	\$ 15,276	\$	\$	\$ 15,276	\$ 15,799

EXHIBIT H-2

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHOLARSHIP TRUST
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Local Sources	
Contributions	\$
Interest on Investments	30
	<hr/>
Total Operating Revenue	30
	<hr/>

OPERATING EXPENDITURES

Awards	
	<hr/>
Total Operating Expenditures	
	<hr/>
Change in Net Position	30
Net Position - July 1, 2013	15,246
	<hr/>
Net Position - June 30, 2014	\$ 15,276
	<hr/> <hr/>

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS					
Cash and Cash Equivalents	\$ 15,380	\$ 36,752	\$ 38,865	\$	\$ 13,267
Certificates of Deposit	1,789	16			1,805
Accounts Receivable	451		451		
Total Assets	<u>\$ 17,620</u>	<u>\$ 36,768</u>	<u>\$ 39,316</u>	<u>\$</u>	<u>\$ 15,072</u>
LIABILITIES					
Accounts Payable	\$ 17,620	\$ 36,768	\$ 39,316	\$	\$ 15,072
Due to Student Groups					
Total Liabilities	<u>\$ 17,620</u>	<u>\$ 36,768</u>	<u>\$ 39,316</u>	<u>\$</u>	<u>\$ 15,072</u>

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash and Cash Equivalents	\$ 6,251	\$ 3,173,151	\$ 3,161,781	\$ 17,621
Total Assets	<u>\$ 6,251</u>	<u>\$ 3,173,151</u>	<u>\$ 3,161,781</u>	<u>\$ 17,621</u>
LIABILITIES				
Interfunds Payable	\$ 1,891	\$ 1,717	\$ 1,891	\$ 1,717
Payroll Deductions and Withholdings	<u>4,360</u>	<u>3,171,434</u>	<u>3,159,890</u>	<u>15,904</u>
Total Liabilities	<u>\$ 6,251</u>	<u>\$ 3,173,151</u>	<u>\$ 3,161,781</u>	<u>\$ 17,621</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>ANNUAL MATURITIES</u>	<u>INTEREST</u>	<u>BALANCE</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE</u>
			<u>DATE</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>JUNE 30, 2013</u>		<u>June 30, 2014</u>
Various Repairs and Renovations	3/1/04	\$ 625,000	3/1/15 \$ 3/1/16	65,000 70,000	4.00%	\$ 195,000	\$ 60,000	\$ 135,000
						<u>\$ 195,000</u>	<u>\$ 60,000</u>	<u>\$ 135,000</u>

EXHIBIT I-2

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>BALANCE JUNE 30, 2014</u>
2007 School Bus	\$ 36,550	4.30%	\$ 1,371	\$	\$ 1,371	\$ -
2009 Solar Energy System	132,845	5.46%	75,468		13,571	61,897
2010 School Bus - 23 Passenger	78,890	5.50%	38,683		11,069	27,614
2010 School Bus-54 Passenger	84,060	5.50%	45,665		12,935	32,730
2014 School Bus-54 Passenger (2)	194,624	2.055%		194,624	25,333	169,291
			<u>\$ 161,187</u>	<u>\$ 194,624</u>	<u>\$ 64,279</u>	<u>\$ 291,532</u>
Capital Outlay					<u>\$ 64,279</u>	

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 67,800	\$	\$ 67,800	\$ 67,800	\$
Total Local Sources	67,800		67,800	67,800	
State Sources					
Debt Service Aid					
Total State Sources					
Total Revenues	67,800		67,800	67,800	
EXPENDITURES					
Regular Debt Service					
Interest	7,800		7,800	6,600	
Redemption of Principal	60,000		60,000	60,000	
Total Regular Debt Service	67,800		67,800	66,600	
Total Expenditures	67,800		67,800	66,600	
Excess (Deficiency) of Revenue Over (Under) Expenditures				1,200	
Other Financing Sources (Uses)					
Fund Balance - July 1, 2013	47		47	47	
Fund Balance - June 30, 2014	\$ 47	\$	\$ 47	\$ 1,247	\$

STATISTICAL SECTION

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 996,454	\$ 1,366,759	\$ 1,794,816	\$ 1,924,706	\$ 2,142,303	\$ 2,386,905	\$ 2,681,839	\$ 3,054,431	\$ 3,335,484	\$ 3,231,987
Restricted	986,097	476,278	145,399	98,804	210,900	413,308	576,300	558,640	521,818	768,733
Unrestricted	(74,298)	(77,164)	56,612	5,307	(94,932)	(127,644)	(128,763)	(106,200)	(157,506)	(222,560)
Total Governmental Activities Net Position	\$ 1,908,253	\$ 1,765,873	\$ 1,996,827	\$ 2,028,817	\$ 2,258,271	\$ 2,672,569	\$ 3,129,376	\$ 3,506,871	\$ 3,699,796	\$ 3,778,160
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 49,916	\$ 52,724	\$ 44,238	\$ 30,445	\$ 22,378	\$ 17,405	\$ 21,282	\$ 18,876	\$ 16,470	\$ 14,064
Restricted										
Unrestricted	98,403	52,240	22,192	11,217	16,381	10,334	29,351	43,283	52,591	56,729
Total Business-Type Activities Net Position	\$ 148,319	\$ 104,964	\$ 66,430	\$ 41,662	\$ 38,759	\$ 27,739	\$ 50,633	\$ 62,159	\$ 69,061	\$ 70,793
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 1,046,370	\$ 1,419,483	\$ 1,839,054	\$ 1,955,151	\$ 2,164,681	\$ 2,404,310	\$ 2,703,121	\$ 3,073,307	\$ 3,351,954	\$ 3,246,051
Restricted	986,097	476,278	145,399	98,804	210,900	413,308	576,300	558,640	521,818	768,733
Unrestricted	24,105	(24,924)	78,804	16,524	(78,551)	(117,310)	(99,412)	(62,917)	(104,915)	(165,831)
Total District-Wide Net Position	\$ 2,056,572	\$ 1,870,837	\$ 2,063,257	\$ 2,070,479	\$ 2,297,030	\$ 2,700,308	\$ 3,180,009	\$ 3,569,030	\$ 3,768,857	\$ 3,848,953

Source: CAFR Schedule A-1

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,727,221	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169
Special Education	431,522	340,686	339,636	363,080	356,273	377,818	411,831	417,478	410,947	436,865
Other Special Education	73,152	135,989	155,123	187,018	147,793	132,971	143,205	159,360	152,740	155,522
Support Services										
Tuition	2,071,153	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860
Student and Instruction Related Services	345,134	443,024	452,727	364,290	516,604	548,251	487,681	353,810	529,147	518,863
General Administrative Services	162,389	213,357	202,363	196,482	192,050	194,566	180,532	180,090	179,550	165,174
School Administrative Services	177,456	138,108	143,106	144,521	149,339	161,760	161,643	171,161	148,177	158,146
Central Services and Administrative Info. Tech.	158,946	111,705	136,596	114,946	123,709	128,008	121,797	119,188	133,449	133,441
Plant Operations and Maintenance	453,763	447,582	386,380	364,438	380,310	375,098	397,715	444,658	560,265	450,654
Pupil Transportation	475,552	376,033	411,650	435,180	370,171	369,543	334,941	348,789	377,295	390,306
Unallocated Employee Benefits		1,058,760	1,228,944	1,291,098	1,114,385	1,119,872	1,126,101	1,258,022	1,388,656	1,454,366
Unallocated Depreciation Expense		193,609	207,634	232,493	232,580	229,904	234,465	237,739	271,531	259,430
Interest on Long-Term Debt	154,133	139,757	124,638	108,844	92,399	75,130	64,488	42,144	23,046	14,817
Amortization of Debt Issue Costs		2,667	2,667	2,667	2,667	2,667	2,666	2,667		
Total Governmental Activities Expenses	6,230,421	6,783,356	7,261,157	7,664,376	7,317,472	7,514,610	7,276,307	7,690,783	7,922,326	8,050,613
Business-Type Activities										
Food Service	138,134	130,650	121,606	126,633	123,612	122,974	135,311	89,050	150,999	135,311
School Care			26,925	24,985	30,654	33,165	42,006	47,466	38,839	42,006
Total Business-Type Activities Expense	138,134	130,650	148,531	151,618	154,266	156,139	177,317	136,516	189,838	177,317
Total District Expenses	\$ 6,368,555	6,914,006	7,409,688	7,815,994	7,471,738	7,670,749	7,453,624	7,827,299	8,112,164	8,227,930
Program Revenues										
Governmental Activities										
Charges for Services										
Instruction (Tuition)	\$ 7,500									
Pupil Transportation	45,669									
Operating Grants and Contributions	214,944	238,343	780,666	761,526	531,570	606,172	566,557	609,289	673,978	657,949
Total Governmental Activities Program Revenues	268,113	238,343	780,666	761,526	531,570	606,172	566,557	609,289	673,978	657,949
Business-Type Activities										
Charges for Services										
Food Service	128,699	67,178	61,121	63,707	70,786	69,766	90,236	89,050	88,063	83,633
School Care		29,831	28,514	30,861	33,410	33,014	43,240	47,466	44,939	37,980
Operating Grants and Contributions	34,829	29,404	40,006	37,977	47,130	46,829	40,589	51,717	63,686	57,377
Total Business-Type Activities Program Revenues	163,528	126,413	129,641	132,545	151,326	149,609	174,065	188,233	196,688	178,990
Total District Program Revenues	\$ 431,641	364,756	910,307	894,071	682,896	755,781	740,622	797,522	870,666	836,939
Net (Expense)/Revenue										
Governmental Activities	\$ (5,962,308)	(6,545,013)	(6,480,491)	(6,902,850)	(6,785,902)	(6,908,438)	(6,709,750)	(7,081,494)	(7,248,348)	(7,392,664)
Business-Type Activities	25,394	(4,237)	(18,890)	(19,073)	(2,940)	(6,530)	(3,252)	51,717	6,850	1,673
Total District-Wide Net Expense	\$ (5,936,914)	(6,549,250)	(6,499,381)	(6,921,923)	(6,788,842)	(6,914,968)	(6,713,002)	(7,029,777)	(7,241,498)	(7,390,991)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 2,564,453	2,737,984	2,863,480	3,135,382	3,260,797	3,477,394	3,547,690	3,547,690	3,547,690	3,776,190
Taxes Levied for Debt Service	291,924	297,588	301,076	296,338	295,169	301,906	335,168	330,656	324,813	67,800
Unrestricted Grants and Contributions	4,153,417	3,597,814	3,247,766	3,423,550	3,329,619	3,423,393	3,171,541	3,436,320	3,456,959	3,448,467
Investment Earnings	17,815	15,740	16,826	15,733	4,540	2,255	3,090	2,930	3,075	4,094
Tuition and Transportation Revenue			92,200	59,057	89,031	96,258	73,129	102,179	75,907	82,716
Miscellaneous Income	31,748	201,511	25,543	44,763	36,200	31,151	41,695	48,714	36,606	91,761
Fixed Asset Adjustment						(9,621)	(5,756)			
Transfers and Other Adjustments		(448,004)	164,554	(39,983)						
Total Governmental Activities	7,059,357	6,402,633	6,711,445	6,934,840	7,015,356	7,322,736	7,166,557	7,468,489	7,445,050	7,471,028
Business-Type Activities										
Transfer and Other Adjustments		(39,720)	(20,000)	(5,724)		(4,512)	5,816	73	52	59
Investment Earnings	239	602	356	29	37	22				
Total Business-Type Activities	239	(39,118)	(19,644)	(5,695)	37	(4,490)	5,816	73	52	59
Total District-Wide	\$ 7,059,596	6,363,515	6,691,801	6,929,145	7,015,393	7,318,246	7,172,373	7,468,562	7,445,102	7,471,087
Change in Net Position										
Governmental Activities	\$ 1,097,049	(142,380)	230,954	31,990	229,454	414,298	456,807	386,995	196,702	78,364
Business-Type Activities	25,633	(43,355)	(38,534)	(24,768)	(2,903)	(11,020)	2,564	51,790	6,902	1,732
Total District-Wide	\$ 1,122,682	(185,735)	192,420	7,222	226,551	403,278	459,371	438,785	203,604	80,096

Source: CAFR Schedule A-2

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$ 436,271	\$ 458,178	\$ 164,431	\$ 71,776	\$ 211,780	\$ 482,484	\$ 599,216	\$ 567,091	\$	\$
Capital Reserve									28,603	28,828
Maintenance Reserve									100,000	200,000
Excess Surplus									164,137	170,920
Tuition Reserve									60,000	60,000
Committed to Encumbrances									39,677	140,086
Assigned:										
Excess surplus									165,076	164,137
Designated for Subsequent Year's Expenditures									4,002	5,165
Unrestricted	37,997	(17,268)	112,640	112,690	9,026	(67,270)	(30,514)	(49,996)	(58,910)	(78,684)
Total General Fund	\$ 474,268	\$ 440,910	\$ 277,071	\$ 184,466	\$ 220,806	\$ 415,214	\$ 568,702	\$ 517,095	\$ 502,585	\$ 690,452
All Other Governmental Funds										
Restricted	\$ 549,826	\$ 61,653	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund			(787)	(787)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)	(1,650)
Capital Projects Fund			20,599	20,599						
Debt Service Fund	851	1,062	3,662	2,600	1,800	1,800			47	1,247
Total All Other Governmental Funds	\$ 550,677	\$ 62,715	\$ 23,474	\$ 22,412	\$ 150	\$ 150	\$ (1,650)	\$ (1,650)	\$ (1,603)	\$ (403)

Source: CAFR Schedule B-1

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year Ending,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 2,856,377	\$ 3,035,572	\$ 3,164,556	\$ 3,431,720	\$ 3,555,966	\$ 3,779,300	\$ 3,882,858	\$ 3,878,346	\$ 3,872,503	\$ 3,843,990
Transportation	45,669	36,919	38,393	40,802	53,884	32,689	32,079	57,450	54,703	61,094
Tuition Charges	7,500	28,829	53,807	18,255	35,147	63,569	41,050	44,729	21,204	21,622
Interest Earnings	17,815	15,740	16,826	15,733	4,540	2,255	3,090	2,930	3,075	4,094
Rental				15,000	36,200	31,231	32,448	33,096	33,758	51,600
Miscellaneous	31,748	135,763	25,543	29,763			9,247	15,618	2,848	40,161
State Sources	4,175,685	3,618,434	3,758,648	3,967,696	3,634,314	3,299,676	3,500,909	3,695,917	3,933,806	3,876,069
Federal Sources	192,675	217,723	269,784	217,380	226,875	729,889	237,189	349,692	197,131	230,347
Total Revenues	7,327,469	7,088,980	7,327,557	7,736,349	7,546,926	7,938,609	7,738,870	8,077,778	8,119,028	8,128,977
Expenditures										
Instruction										
Regular Instruction	1,414,143	1,406,014	1,563,390	1,629,796	1,607,999	1,714,229	1,613,172	1,877,092	1,690,606	1,824,169
Special Education Instruction	353,304	340,686	339,636	363,080	356,273	377,818	411,831	417,478	410,947	436,865
Other Instruction	59,893	135,989	155,123	187,018	147,793	132,971	143,205	159,360	152,740	155,522
Support Services										
Tuition	1,695,734	1,776,065	1,906,303	2,229,523	2,031,193	2,084,793	1,996,070	2,078,585	2,056,917	2,088,860
Student and Instruction Related Services	282,575	443,024	452,727	364,290	516,604	548,251	487,681	353,810	529,147	518,863
General Administrative Services	133,059	213,357	202,363	196,482	192,050	194,566	185,055	189,590	188,050	175,982
School Administrative Services	145,290	138,108	143,106	144,521	149,339	166,084	161,643	171,935	148,177	158,146
Central Services	130,030	111,705	136,596	114,946	123,709	128,008	121,797	119,188	124,949	122,633
Plant Operations and Maintenance	371,513	447,582	386,380	364,438	380,310	375,098	397,715	444,658	560,265	450,654
Pupil Transportation	389,353	394,001	415,119	435,180	373,230	368,968	334,941	348,789	377,295	390,306
Unallocated Employee Benefits	898,935	1,040,519	1,230,207	1,281,828	1,106,804	1,089,304	1,129,930	1,247,963	1,369,357	1,444,553
Capital Outlay	763,662	715,412	306,068	27,366	210,876	228,328	92,574	164,034	98,728	301,381
Debt Service										
Principal	325,000	345,000	360,000	375,000	390,000	415,000	440,000	450,000	460,000	60,000
Interest	160,842	146,856	132,019	116,548	100,426	83,653	65,812	46,903	26,313	6,600
Total Expenditures	7,123,333	7,654,318	7,729,037	7,830,016	7,686,606	7,907,071	7,581,426	8,069,385	8,193,491	8,134,534
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	204,136	(565,338)	(401,480)	(93,667)	(139,680)	31,538	157,444	8,393	(74,463)	(5,557)
Other Financing Sources (Uses)										
Cancellation of Prior Year Receivable		(538)								
Transfer		44,555	20,000				(5,756)			
Capital Lease Proceeds										194,624
Capital Leases (Non-Budgeted)	59,275		178,400		153,758	162,950				
Total Other Financing Sources (Uses)	59,275	44,017	198,400		153,758	162,950	(5,756)			194,624
Net Change in Fund Balances	\$ 263,411	\$ (521,321)	\$ (203,080)	\$ (93,667)	\$ 14,078	\$ 194,488	\$ 151,688	\$ 8,393	\$ (74,463)	\$ 189,067
Debt Service as a Percentage of										
Noncapital Expenditures	6.8%	6.4%	6.4%	6.3%	6.4%	6.3%	6.7%	6.2%	5.9%	0.8%

Source: CAFR Schedule B-2

EXHIBIT J-5

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation	Sale of Assets	Rentals	Prior Year Adjustments	Utility Company Rebate	Misc.	Total
2014	\$ 4,094	\$ 21,622	\$ 61,094	\$	\$ 51,600	\$ 898	\$	\$ 39,263	\$ 178,571
2013	3,075	21,204	54,703		33,758			2,848	115,588
2012	2,930	44,729	57,450		33,096	5,159		10,459	153,823
2011	3,090	41,050	32,079		32,448	977		8,270	117,914
2010	2,255	63,569	32,689		31,151				129,664
2009	4,540	35,147	53,884		36,200				129,771
2008	15,733	18,255	40,802	2,369	15,000			27,394	119,553
2007	16,826	57,836	38,393		13,000	1,109		7,405	134,569
2006	15,740	28,829	36,919		12,500	19,810	101,375	2,078	217,251
2005	17,815	7,500	45,669					31,748	102,732

Source: District Records

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 9,150,100	\$ 214,662,600	\$ 80,934,000	\$ 10,962,200	\$ 22,776,100	\$ 1,480,000	\$ 339,965,000	\$ 1,088,069	\$ 341,053,069	\$ 1.184	\$ 300,386,187
2013	9,270,100	214,371,400	80,722,000	10,947,700	23,024,800	1,480,000	339,816,000	1,226,464	341,042,464	1.128	306,252,213
2012	9,833,300	216,939,700	80,071,200	10,940,100	22,961,800	1,480,000	342,226,100	1,354,299	343,580,399	1.128	329,316,878
2011	9,974,400	218,658,600	78,941,600	10,913,400	21,761,000	1,480,000	341,729,000	1,437,138	343,166,138	1.129	363,172,724
2010	12,001,800	221,694,700	76,886,200	10,887,500	21,861,000		343,331,200	1,725,480	345,056,680	1.120	358,641,421
2009	12,420,800	222,030,000	77,345,000	10,798,000	22,890,000		345,483,800	1,809,844	347,293,644	1.088	362,404,388
2008	13,606,900	212,031,600	84,964,000	10,849,900	21,970,000		343,422,400	1,564,914	344,987,314	1.004	324,799,697
2007	13,894,600	206,911,500	83,709,000	10,859,650	24,884,000		340,258,750	1,704,191	341,962,941	1.004	323,796,912
2006	12,099,900	204,281,800	86,006,500	11,001,050	25,317,000		338,706,250	980,982	339,687,232	0.931	272,234,212
2005	3,019,200	85,020,500	41,267,000	6,878,155	12,625,500		148,810,355	980,982	149,791,337	2.027	252,279,799

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

c Estimate

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Upper Pittsboro Township Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	From J-6 Total Direct School Tax Rate	Upper Pittsboro Township	Salem County	
2014	\$ 1.163	\$ 0.021	\$ 1.184	\$ 0.169	\$ 0.834	\$ 2.187
2013	1.033	0.095	1.128	0.147	0.873	2.148
2012	1.032	0.096	1.128	0.118	0.912	2.158
2011	1.032	0.097	1.129	0.099	0.872	2.100
2010	1.031	0.089	1.120	0.091	0.923	2.134
2009	0.998	0.090	1.088	0.076	0.936	2.100
2008	0.943	0.089	1.032	0.083	0.882	1.997
2007	0.908	0.096	1.004	0.055	0.863	1.922
2006	0.841	0.091	0.932	0.039	0.776	1.747
2005	1.820	0.207	2.027	0.049	1.666	3.742

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer #1	\$ 2,864,800	0.84%	\$	
Third Garden Park Limited Partners	1,950,000	0.57%		
Taxpayer #2	1,780,100	0.52%		
Larchmont Farms Inc	1,591,400	0.47%		
Atlantic City Electric Co	1,480,000	0.43%		
R M Sickler Sons Farms, LLC	1,474,100	0.43%		
Taxpayer #3	1,200,800	0.35%		
Bell Atlantic- New Jersey, Inc	1,200,000	0.35%		
Holly View Corp	1,171,000	0.34%		
Wilson Brothers Farms Corp	1,128,200	0.33%		
Total	\$ 15,840,400	4.64%	\$	

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2014	\$ 3,776,190	\$ 3,776,190	100%	\$
2013	3,872,503	3,872,503	100%	
2012	3,843,990	3,843,990	100%	
2011	3,882,858	3,882,858	100%	
2010	3,779,300	3,779,300	100%	
2009	3,555,966	3,555,966	100%	
2008	3,431,720	3,431,720	100%	
2007	3,164,556	3,164,556	100%	
2006	3,035,572	3,035,572	100%	
2005	2,856,377	2,856,377	100%	

Source: District records including the Certificate and Report of
School Taxes (A4F form)

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 135,000	\$ 291,532	\$	\$	\$ 426,532	0.29%	\$	123
2013	195,000	161,187			356,187	0.24%		103
2012	655,000	161,187			816,187	0.55%		233
2011	1,105,000	301,542			1,406,542	0.98%		402
2010	1,545,000	380,133			1,925,133	1.33%		529
2009	1,960,000	122,931			2,082,931	1.48%		579
2008	2,350,000	154,962			2,504,962	1.83%		718
2007	2,725,000	182,328			2,907,328	2.24%		831
2006	3,085,000	93,285			3,178,285	2.52%		895
2005	3,430,000	148,799			3,578,799	3.00%		1,015

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2014	\$ 135,000	\$	\$ 135,000	0.04%	\$ 39 *
2013	195,000		195,000	0.06%	56
2012	655,000		655,000	0.20%	187
2011	1,105,000		1,105,000	0.30%	316
2010	1,545,000		1,545,000	0.45%	441
2009	1,960,000		1,960,000	0.56%	546
2008	2,350,000		2,350,000	0.68%	654
2007	2,725,000		2,725,000	0.80%	763
2006	3,085,000		3,085,000	0.91%	859
2005	3,430,000		3,430,000	2.29%	957

* Estimate

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

If a District has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes				
Upper Pittsboro Township	\$ -	100%	\$	-
Salem County	45,996,464	5.04%		2,317,374
Other debt				
Subtotal, Overlapping Debt				2,317,374
Upper Pittsboro Township School District Direct Debt			b	135,000
Total Direct and Overlapping Debt			\$	2,452,374

Sources: Upper Pittsboro Township Finance Officer, Salem County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Upper Pittsboro. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

b Includes Capital Leases

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013

		Equalized Valuation Basis
	2013	\$ 297,015,995
	2012	307,315,104
	2011	328,838,530
	[A]	\$ 933,169,629
Average Equalized Valuation of Taxable Property	[A/3]	\$ 311,056,543
Debt Limit (3% of Average Equalization Value)	[B]	9,331,696 a
Net Bonded School Debt	[C]	135,000
Legal Debt Margin	[B-C]	\$ 9,196,696

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 6,520,159	\$ 7,230,551	\$ 8,240,751	\$ 6,331,177	\$ 9,887,914	\$ 10,328,012	\$ 10,365,246	\$ 10,096,895	\$ 6,361,536	\$ 9,331,696
Total Net Debt Applicable to Limit	3,430,000	3,085,000	2,725,000	2,350,000	1,960,000	1,545,000	1,105,000	655,000	195,000	135,000
Legal Debt Margin	<u>\$ 3,090,159</u>	<u>\$ 4,145,551</u>	<u>\$ 5,515,751</u>	<u>\$ 3,981,177</u>	<u>\$ 7,927,914</u>	<u>\$ 8,783,012</u>	<u>\$ 9,260,246</u>	<u>\$ 9,441,895</u>	<u>\$ 6,166,536</u>	<u>\$ 9,196,696</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	52.6%	42.7%	33.1%	37.1%	19.8%	15.0%	10.7%	6.5%	3.1%	0

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ^a</u>		<u>Personal Income (thousands of dollars) ^b</u>		<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	3,462	\$	149,562,676	\$	43,201	7.80%
2013	3,471		148,466,819		42,774	7.70%
2012	3,498		148,140,300		42,350	4.50%
2011	3,495		143,966,040		41,192	4.40%
2010	3,502		139,691,278		39,889	4.60%
2009	3,590		140,505,420		39,138	4.40%
2008	3,595		141,118,130		39,254	2.50%
2007	3,572		132,728,376		37,158	1.90%
2006	3,590		127,470,130		35,507	1.90%
2005	3,585		121,259,040		33,824	1.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>

NOT AVAILABLE

Source:

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	31.0	33.0	31.0	31.0	31.0	31.0	30.0	25.5	25.5	30
Special Education	11.0	10.5	10.5	9.0	9.0	9.0	6.0	13.0	12.0	6.0
Other Special Education	3.5	4.0	4.0	3.0	3.0	3.0	0.0			
Other Instruction										
Support Services:										
Tuition										
Student & Instruction Related Services	8.0	12.0	12.0	11.0	11.0	11.0	9.0	7.2	7.3	11
General Administrative Services	5.5	7.0	4.0	4.0	4.0	4.0	4.0	3.6	3.6	3.6
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
Business Administrative Services	3.0									3
Plant Operations and Maintenance	3.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	8.5
Pupil Transportation	14.0	13.0	12.0	8.5	8.5	8.0	8.0	8.0	8.0	
Food Service	6.0	6.0	6.0							
Total	<u>85.5</u>	<u>90.0</u>	<u>84.0</u>	<u>70.0</u>	<u>70.0</u>	<u>69.5</u>	<u>60.5</u>	<u>60.9</u>	<u>60.0</u>	<u>62.7</u>

Source: District Personnel Records

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2014	373	\$ 7,766,553	\$ 20,822	0.06	36.0	8.6:1	6.5:1	350.8	335.4	-3.890%	95.61%
2013	388	7,608,450	19,609	0.00	37.5	9.5 : 1	7.5 : 1	365.0	354.2	10.539%	97.04%
2012	379	7,408,448	19,547	0.08	38.5	9.72 : 1	9.71 : 1	330.2	315.6	-12.738%	95.58%
2011	383	6,920,489	18,069	0.04	37	6.3 : 1	4 : 1	378.4	361.2	-3.247%	95.45%
2010	415	7,180,090	17,301	(0.02)	43	11.6 : 1	10.4 : 1	391.1	373.1	0.205%	95.40%
2009	395	6,985,304	17,684	(0.08)	43	11 : 1	10 : 1	390.3	374.0	1.193%	95.82%
2008	381	7,311,102	19,189	0.15	39	11 : 1	9 : 1	385.7	368.7	-6.903%	95.59%
2007	415	6,930,950	16,701	0.08	36	10 : 1	11 : 1	414.3	403.0	-0.671%	97.27%
2006	417	6,447,050	15,461	0.14	43	10 : 1	10 : 1	417.1	396.7	-5.205%	95.11%
2005	434	5,873,829	13,534	(0.05)	35	12 : 4	13 : 1	440	418.0	4.762%	95.00%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828	64,828
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	440	434	415	381	395	415	383	379	388	373

Number of Schools at June 30, 2014
Elementary = 1

Source: District records, ASSA

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Upper Pittsburgh Township School	64,828	\$ 37,282	\$ 43,219	\$ 42,917	\$ 24,775	\$ 25,061	\$ 26,414	\$ 32,053	\$ 29,683	\$ 138,521	\$ 52,631
Total School Facilities		<u>37,282</u>	<u>43,219</u>	<u>42,917</u>	<u>24,775</u>	<u>25,061</u>	<u>26,414</u>	<u>32,053</u>	<u>29,683</u>	<u>138,521</u>	<u>52,631</u>
Other Facilities											
Grand Total		<u>\$ 37,282</u>	<u>\$ 43,219</u>	<u>\$ 42,917</u>	<u>\$ 24,775</u>	<u>\$ 25,061</u>	<u>\$ 26,414</u>	<u>\$ 32,053</u>	<u>\$ 29,683</u>	<u>\$ 138,521</u>	<u>\$ 52,631</u>

UPPER PITTSBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
NJ School Board Assoc Insurance Group	Property Blanket Building & Contents	\$ 15,823,065	\$ 5,000
	Commercial Inland Marine Blanket Hardware and Software	520,000	1,000
	Commercial General Liability		
	Products Completed Operations Aggregate Limit	6,000,000	
	Personal and Advertising Injury Limit	6,000,000	
	Bodily Injury & Property Damage	6,000,000	
	Boiler and Machinery Section		
	Limit per Accident for Property Damage and Business Income	100,000,000	5,000
	Commercial Crime Section		
	Employee Dishonesty Coverage	100,000	1,000
	Commercial Automobile/General Liability		
	Combined Single Limit	6,000,000	1,000
	Board of Education Legal Liability		
	Aggregate for Each Annual Policy Year	6,000,000	
	Insured Retained Limit (each loss)	5,000	
	Workmen's' Compensation		
	Bodily Injury - Each Accident/Disease	2,000,000	
	Bodily Injury - Each Employee	2,000,000	
	Maximum Coverage	2,000,000	
	Student Accident Policies		
Markel Insurance Co.	Catastrophic Medical Expense - Max Benefit Amount	5,000,000	
	Catastrophic Cash Benefit - Max Benefit Amount	500,000	
Berkley Insurance Co.	Compulsory - Maximum Benefit Amount	1,000,000	
Ohio Casualty Insurance Company	Surety Bonds		
	Treasurer	185,000	
	Business Administrator	35,000	

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

(856) 629-3111
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September 3, 2014

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Board of Education of the Upper Pittsgrove Township's basic financial statements and have issued our report thereon dated September 3, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Upper Pittsgrove Township Board of Education, in the County of Salem, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Upper Pittsgrove Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Upper Pittsgrove Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Upper Pittsgrove Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above and which is described in the accompanying schedule of findings and questioned costs. We did, however, identify two immaterial deficiencies in internal control over financial reporting that we have reported to the Upper Pittsgrove Township Board of Education in a separate report entitled, Auditor's Management Report on Administrative Findings, Compliance and Performance dated September 3, 2014, labeled Finding 2014-1 and 2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Upper Pittsgrove Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

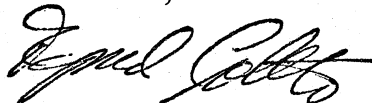
We did not identify any other matters required to be reported to the Board of Education of the Upper Pittsgrove School District in a separate report entitled, Auditor's Management Report on Administrative Findings-Financial Compliance and Performance dated September 3, 2014.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Upper Pittsgrove Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

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September 3, 2014

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF AWARDS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Upper Pittsgrove Township School District
County of Salem, New Jersey 08079

Report on Compliance for Each Major Program

We have audited the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Upper Pittsgrove Township School District's major state programs for the fiscal year ended June 30, 2014. The Upper Pittsgrove Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Upper Pittsgrove Township Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education and Regulatory Compliance, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Upper Pittsgrove Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Upper Pittsgrove Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Upper Pittsgrove Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Upper Pittsgrove Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Upper Pittsgrove Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with NJ OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Upper Pittsgrove Township School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we discovered two immaterial instances of noncompliance that were required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, labeled Finding 2014-1 and 2.

This report is intended solely for the information and use of the audit committee, management, the Upper Pittsgrove Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWNSHIP OF UPPER PITTSBURGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustmt	Balance at June 30, 2014		
				From	To	(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education General Fund Education Jobs Fund	84.410A		\$113,125	9/1/11	8/31/12	(\$13,920)			\$13,920					
Passed-through State Department of Education: Special Revenue Fund:														
Title I, Part A	84.010A	NCLB - 532014	52,422	7/1/13	6/30/14				52,422	(\$52,422)				
Title I, Part A	84.010A	NCLB - 532013	45,131	7/1/12	9/30/13	(18,881)			18,881					
Title II, Part A	84.367A	NCLB - 532014	7,094	7/1/13	6/30/14				7,094	(7,094)				
Title II, Part A	84.367A	NCLB - 532013	8,240	7/1/12	9/30/13	(3,590)			3,590					
Rural Education	84.358A	S358A123592	32,173	7/1/13	9/30/14				21,154	(33,123)	\$950	(\$11,019)		
Rural Education	84.358A	S358A133592	32,639	7/1/12	9/30/13	(28,939)			28,939					
I.D.E.A. Part B, Basic Regular	84.027	IDEA-5320-13	125,945	7/1/12	9/30/13	(8,961)			8,961					
I.D.E.A. Part B, Basic Regular	84.027	IDEA-5320-14	122,925	7/1/13	6/30/14				122,925	(122,925)				
I.D.E.A. Part B, Pre-School	84.173	IDEA-5320-14	3,775	7/1/13	6/30/14				3,775	(3,775)				
Total Special Revenue Fund						(60,371)			267,741	(219,339)	950	(11,019)		
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund:														
Food Distribution Program	10.565	N/A	8,766	7/1/13	9/30/14				8,766	(7,783)			\$983	
Food Distribution Program	10.565	N/A	13,208	7/1/12	9/30/13		2,759			(2,759)				
National School Lunch Program	10.555	N/A	38,902	7/1/13	9/30/14				35,976	(38,902)		(2,926)		
National School Lunch Program	10.555	N/A	41,449	7/1/12	9/30/13	(\$2,413)			2,413					
School Breakfast Program	10.553	N/A	6,755	7/1/13	9/30/14				6,117	(6,755)		(638)		
School Breakfast Program	10.553	N/A	6,333	7/1/12	9/30/13	(\$457)			457					
Total Enterprise Fund						(2,870)	2,759		53,729	(56,199)		(3,564)	983	
Total Federal Financial Assistance						(\$77,161)	\$2,759		\$335,390	(\$275,538)	\$950	(\$14,583)	\$983	

See accompanying notes to schedules of financial assistance

These funds were not audited in accordance with OMB Circular A-133 since the total of all federal grant expenditures was less than \$500,000

TOWNSHIP OF UPPER PITTSBURGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2013				Repayment of Prior Year Balances	Balances at June 30, 2014			MEMO	
					Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	14-495-034-5120-078	\$2,602,252	7/1/13	6/30/14			\$2,350,163	(\$2,602,252)		(\$252,089)				
Equalization Aid	13-495-034-5120-078	2,481,521	7/1/12	6/30/13	(\$236,154)		236,154					*	\$0	\$0
Special Education Categorical Aid	14-495-034-5120-089	300,139	7/1/13	6/30/14			271,064	(300,139)		(29,075)				
Special Education Categorical Aid	13-495-034-5120-089	292,106	7/1/12	6/30/13	(27,798)		27,798					*	0	0
Transportation Aid	14-495-034-5120-013	316,928	7/1/13	6/30/14			286,226	(316,928)		(30,702)				
Transportation Aid	13-495-034-5120-014	313,466	7/1/12	6/30/13	(29,831)		29,831					*	0	0
Security Aid	14-495-034-5120-015	55,469	7/1/13	6/30/14			50,096	(55,469)		(5,373)				
Security Aid	13-495-034-5120-016	50,145	7/1/12	6/30/13	(4,772)		4,772					*	0	0
School Choice	14-495-034-5120-017	150,997	7/1/13	6/30/14			136,369	(150,997)		(14,628)				
School Choice	13-495-034-5120-018	163,086	7/1/12	6/30/13	(15,520)		15,520					*	0	0
Under Adequacy Aid	14-495-034-5120-096	37,291	7/1/13	6/30/14			33,678	(37,291)		(3,613)				
Nonpublic Transportation Aid	13-495-034-5120-019	5,165	7/1/12	6/30/13	(5,165)		5,165							
Nonpublic Transportation Aid	14-495-034-5120-019	6,796	7/1/13	6/30/14				(6,796)		(6,796)				
On Behalf TPAF Pension Contribution	14-495-034-5120-022	90,826	7/1/13	6/30/14			90,826	(90,826)				*		90,826
On Behalf TPAF Post Retire Med'l. Co	14-495-034-5120-023	148,921	7/1/13	6/30/14			148,921	(148,921)				*		148,921
Reimbursed TPAF SS Contribution	14-495-034-5120-024	171,355	7/1/13	6/30/14			162,705	(171,355)		(8,650)		*		171,355
Reimbursed TPAF SS Contribution	13-495-034-5120-025	161,003	7/1/11	6/30/12	(356)		356							
Total General Fund					(319,596)		3,849,644	(3,880,974)		(350,926)		0	0	411,102
Special Revenue Fund:														
Preschool Education Aid	14-495-034-5120-086	16,500	7/1/13	6/30/14			14,850	(16,500)		(1,650)				
Preschool Education Aid	13-495-034-5120-086	16,500	7/1/12	6/30/13	(1,650)		1,650					*		16,500
ELLI Grant	07-495-034-5120-062	14,850	7/1/06	6/30/07		\$2,850			\$ 2,850					
Total Special Revenue Fund					(1,650)	2,850	16,500	(16,500)	2,850	(1,650)				16,500
Debt Service Fund:														
Debt Service Aid Type II	14-495-034-5120-017		7/1/13	6/30/14								*		0
Total Debt Service Fund														0
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	14-100-010-3350-023	1,178	7/1/13	6/30/14			1,091	(1,178)		(87)		*		1,178
State School Lunch Program	13-100-010-3350-023	1,366	7/1/12	6/30/13	(162)		162							
Total Enterprise Fund					(162)		1,253	(1,178)		(87)				1,178
Total State Financial Assistance					(\$321,408)	\$2,850	\$3,867,397	(\$3,898,652)	\$2,850	(\$352,663)			\$0	\$428,780

See accompanying notes to schedules of financial assistance

UPPER PITTSBGROVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Upper Pittsgrove Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$21,405) for the general fund and \$11,008 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2014

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 3,859,569	\$ 3,859,569
Special Revenue Fund	230,347	16,500	246,847
Food Service Fund	<u>56,199</u>	<u>1,178</u>	<u>57,377</u>
Total Financial Assistance	\$ <u>286,546</u>	\$ <u>3,877,247</u>	\$ <u>4,163,793</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The district did not have any outstanding loans.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? _____ yes _____ no

CFDA Number(s) Name of Federal Program or Cluster

No Major Programs

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? X yes _____ no

**UPPER PITTSBGROVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? yes none
 X reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with NJ OMB
Circular Letter 04-04 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

14-495-034-5120-078

Equalization Aid

14-495-034-5120-089

Special Education Categorical Aid

14-495-034-5120-084

Security Aid

14-495-034-5120-068

School Choice Aid

14-495-034-5120-014

Transportation Aid

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)

Section II - Financial Statement Findings

Finding:

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

None

Finding:

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

STATE AWARDS

Information on the state program: Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Adjustment Aid (GMIS No. 495-034-5120-085), Special Education Aid (GMIS No. 495-034-5120-089), School Choice Aid (GMIS No. 495-034-5120-068)

Finding: 2014-1

Criteria or specific requirement: Districts are required by the N.J. Dept. of Education Division of Finance to properly complete an ASSA report (Application for State School Aid), including workpapers that document the compilation of data and provide an audit trail for testing such data.

Condition: The District entered eleven (11) students in both the School Choice and the on-roll module.

Questioned Costs: None

Context: ASSA information is utilized by New Jersey State Department of Education, to calculate the amount of aid a school is entitled to, based on state statute and related formulas.

Effect: The proper information was not available for the New Jersey State Department of Education to calculate the correct amount of school aid.

Cause: Inadvertent oversight

Recommendation: Procedures should include an additional review of student information to be entered on the enrollment session report.

Management's response: The school district will strengthen internal control procedures to ensure that their records accurately reflect the correct number of students when preparing the required ASSA reports.

**UPPER PITTSBURGH TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

STATE AWARDS

Finding: 2014-2

Information on the state program: Transportation Aid (GMIS No. 495-034-5120-014)

Criteria or specific requirement: The on-roll status of students reported on the DRTRS Eligibility Summary Report is to be verified to the DRTRS.

Condition: The District reflected three (3) students who graduated or transferred out before the count date and one (1) student who transferred in after the count date that were not removed from the report. The District inaccurately reflected three (3) students in the incorrect section or grade.

Questioned Costs: None

Context: The District DRTRS report and the District DRTRS Summary Report needs to accurately reflect the proper sections and grades.

Effect: The information on the DRTRS report was inaccurate.

Cause: Inadvertent oversight.

Recommendation: Procedures to verify eligible students should be reviewed and updated to insure that all information is in agreement.

Management's response: The School District will strengthen internal control procedures to ensure that their records accurately reflect eligible students.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2013-1

Condition: The County Summary, provided by the Department of Education online, did not agree with the District DRTRS Summary Report. The County Summary reflected two (2) less Regular Public School Students and one (1) less AIL Non-Public School Students than the District had on their Report.

Current Status: Corrective action has been taken on finding 2013-1.